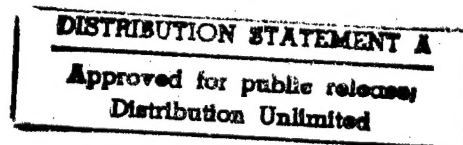


A Tutorial on U.S. Defense: From History to Current Issues

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Summary

This paper is a brief outline of the situation with regard to U.S. defense and its role in the world today—today defined as an evolving new era following the end of the Cold War.

The United States emerged from the Cold War with a very large military force, but with great uncertainty as to how these forces should be applied in the conditions and events of the new era. The forces emerged as by far the most capable and amply-budgeted in the world. They were of an expeditionary nature—they could go anywhere in the world. The large standing force was manned entirely by volunteers—a professional force. The forces had demonstrated all this with their crushing military victory in Desert Storm in 1991.

The world of today and the future in which these forces were to be applied seemed confusing to many. It was a world where most economies were booming and those areas left behind were of little consequence. Russia and China bid fair to join the world system instead of setting up their own systems. But there were four rogue states left, who threatened their neighbors, threatened to build and use “weapons of mass destruction,” and used terror as an instrument of their policies. And then there were all kinds of imploding states—Somalia, Haiti, and Yugoslavia among them—with the implosion of Yugoslavia leading to the conflicts in both Bosnia and Kosovo.

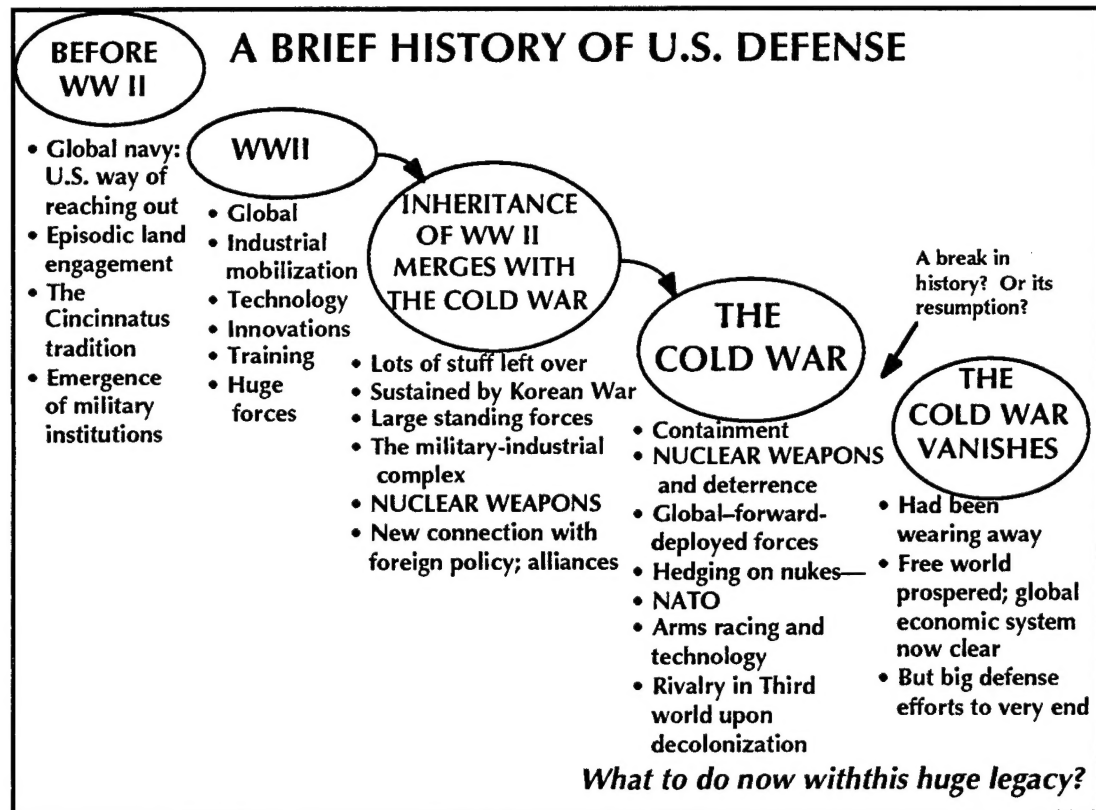
U.S. foreign policy has equally been in flux. Naturally, American leaders tended to turn to domestic concerns once they had been relieved of the burden of confronting the Soviet Union. Yet other countries around the world persisted in relying on U.S. leadership to solve problems, to form coalitions to solve those problems, and to propose the architectures to solve future problems. In the United States itself, the President demonstrating leadership in foreign affairs was still a political test, however reluctant the public and Congress have been to see that leadership exercised in initiating military interventions. The

question was left up in the air as to whether the new American foreign policy was to be one that relied on the military or was it to be more oriented toward diplomacy and economic leadership.

In turn, the U.S. military establishment has had a hard time adjusting to these changed circumstances and the shifting roles of the U.S. Government in world leadership. They want to be active—and are called upon to be active—around the world, in part because they think it proves their continued relevance to the leadership and the public. But they also want to keep their warfighting skills honed up in training and exercises connected to contingency operations (i.e., those that have not happened yet). Moreover, they have always reached for the future, and they see much of their strength in having the most advanced technology, so they have want to sustain investment as well.

While a firm floor has appeared in the defense budget, this budget also cannot grow because of the political drive for a balanced budget. Thus, the military Services have been struggling to reconcile their investment accounts and their operating accounts. But the expenses of operations—whether for real-world operations or for maintaining a high level of readiness for contingencies—are tending to drain from procurement, even as procurement costs rise. These issues remain unresolved. The debate over them may well detract from the reputation of what remains by far the most formidable military force in the world. Yet the debate can continue for some time to come, because U.S. security is not seriously challenged, either by the conflicts that persist in the world, most of which are internal to countries, or by another country posing a threat to the United States itself.

A brief history of U.S. defense



I. Before World War II: defense was an episodic business, but certain institutions developed

The history:

- The U.S. military defended the United States in the Revolution and the War of 1812.
- Early in its history, the United States used its Navy to range around the world, protect sea-going commerce, and protect its approaches from the sea.

- The U.S. military supported the Westward Expansion, including fighting the Indians and Mexico, thus permitting Texas to join the Union after the Mexican-American War.
- The Union was preserved in the Civil War.
- The United States moved out into the world with the Spanish-American War (all the way to the Philippines, our only colony, other than Puerto Rico).
- The United States came late and rescued Britain, France, and others in World War I.
- We severely reduced our forces after World War I, but pursued some experiments in warfare. We used the Marines to intervene in Haiti and Nicaragua.

The characteristics and traditions of the U.S. military were established in the period leading up to World War II:

- We tended to demobilize the military and return soldiers and sailors to civilian life after each war (the Cincinnatus tradition).
- The wars and the demobilizations characterized perhaps the purest civilian control of the military the world had ever seen. We had established an extremely strong constitutional and democratic form of governance.
- The Army, Navy, and Marine Corps emerged early, established their cadres, established the two Service academies, at West Point and Annapolis
- Safe as it was behind two great oceans, when the United States reached out into the world in military terms it tended to do so with its Navy. The Navy opened up Japan, and its ships were stationed in the Far East from the middle of the 19th century. The one American imperial venture—the Spanish-American War and the seizure of the Philippines—was led by the Navy. By the 1920s, the United States had the world's largest Navy. Global arms control was seized with balancing the world's navies.
- Otherwise, U.S. military forces had a tenuous and episodic connection to foreign policy. U.S. land forces ventured out only

into the Caribbean, Mexico, and Central America—until they became embroiled in World Wars I and II.

II. World War II: the creation of a huge, technological military

Pearl Harbor brought war out of the blue to the American people. They had regarded the Japanese war in China that had begun in 1931 and the war Hitler began in Europe in 1939 as other people's business. The myth was set: wars (for the United States) come out of the blue.

Once engaged, the U.S. Government mobilized huge forces for World War II, via the draft from society. U.S. forces pioneered in training methods to prepare citizen soldiers for war.

The Government also mobilized a huge industrial base.

Thus another myth was established: the United States can rise to war by mobilization when it needs to. Yet another myth was also established: the United States can spend anything it needs to on defense (and may even grow out of a depression in the process).

Military innovations were brought to fruition (e.g., bombers, fighters, carrier aviation, amphibious warfare). Technology galloped to the fore: aircraft, radar, sonar, communications, and other innovations were incorporated in the forces. If it had not been altogether evident before, U.S. military forces were forevermore coupled to the industrial base.

The U.S. Government created larger, powerful, global expeditionary forces, heavily dependent on something called "logistics." The myth was rediscovered from World War I: U.S. forces must go overseas to fight and restore peace; the U.S. homeland is relatively (and close to absolutely) safe.¹

The United States joined and formed alliances. We led the way in constituting combined forces among many nations.

And, at the end of World War II, the ultimate industrial-technological military achievement appeared: nuclear weapons.

III. The inheritance of World War II was carried on and merged and blurred with the Cold War

While we substantially demobilized, we had a lot of stuff left over, plus a new tradition of being able to conduct high-intensity warfare anywhere on the globe, and not just with our Navy, but also with our Army and Air Force. We had nuclear weapons, too.

The Korean War reinforced the notion of U.S. large-scale expeditionary forces. After World War II, the United States might have reverted to the earlier tradition of returning its forces home. U.S. forces overseas in the 1945-1950 period were mostly occupation forces. However, the Korean War paradoxically resulted in the permanent stationing of U.S. forces in Europe.

U.S. World War II contacts with allied nations were also sustained with the Marshall Plan. Our World War II alliance with Britain and France reappeared as NATO.

The development of jet engines and the evolution of bombers and fighter aircraft gave new impetus to the military-industrial base, technology, and R&D.

U.S. occupation forces in Germany and Japan, the Truman Doctrine of protecting Turkey and Greece against Communism (and filling in the global stabilizing role the British had to drop after World War II because they could no longer afford it), the Marshall Plan, the creation of NATO, constituted new connections between foreign policy and defense policy.

-
1. Though the Government and others have managed to conjure up threats to the homeland, as those of us who practiced blackouts and retreated to bomb shelters during World War II may remember, despite the fact that the Germans and Japanese couldn't really reach us. A doubtful Soviet bomber threat led to huge air defense systems in the 1950s. The Soviet ICBM and SLBM threat that emerged from roughly 1960 on was real, though. With the fading of the Soviet, now Russian intercontinental threat, we are now concerned about terrorist and rogue threats, equipped with chemical, biological, and even nuclear weapons.

IV. The Cold War: an historical anomaly or a new basis for the U.S. defense establishment?

The confrontation with the Soviet Union utterly dominated U.S. strategy, foreign policy, and global engagement from the time of its recognition (in 1947 and 1948). But then, the oil shocks of 1973 and 1979 (coupled with the amelioration of the Berlin confrontation, wrapped up in the 1970 treaty) brought economics to the fore for Western heads-of-state.

The confrontation, arms racing, and uncertainty with the Soviet Union ruled the U.S. defense establishment until the collapse of the Berlin Wall in December 1989 (and faded quickly thereafter as the Soviet Union itself collapsed in 1990 and 1991).

Containment was the policy. The Soviets had seized Eastern Europe after World War II, and China had fallen to the Communists in 1949, but we intended that they go no further.

Deterrence of Soviet attack, especially with their formidable conventional forces, was the strategy. Not only were Soviet conventional forces large, but their industry turned out large quantities of tanks, fighter aircraft, bombers, missiles, submarines, and surface naval ships. We could match them only in ships, or at least in tonnage of ships. But we had better allies—more reliable and more capable militarily—than they did.

Scenarios—of Soviet aggression (including Soviet-supported North Korea attacking again)—were the basis of planning of both operations and for the structure and systems of U.S. forces.

Because the Soviet Union, especially under Stalin, was a secretive dictatorship (a tautology), the Pearl Harbor syndrome persisted with a vengeance. The Soviets would attack out of the blue, and thus U.S. forces had to be highly ready at all times.

Strategic nuclear weapons became the central deterrent (“massive retaliation”). All the other U.S. forces had to have their own nuclear weapons, too (“tacnukes,” i.e., tactical nuclear weapons).

But the U.S. Government did not find nuclear weapons to be an entirely comfortable basis for strategy, especially as the Soviets built up their own nuclear weapons. They were a blunt military instrument and the devastation they could cause was horrendous, especially in a two-sided exchange. They were "unusable."

- Thus, to curb and control the strategic nuclear arms race, the relationship between the United States and the Soviet Union evolved into one of mutual second-strike retaliatory postures and strategies, balancing, and negotiations of that balance.
- The U.S. Government also hedged on the dire possibilities of having to use nuclear weapons by keeping strong conventional forces and helping its allies to build up theirs. The strategy in Europe eventually became one of "flexible response."²
 - Upon the Korean War, which we suspected was part of Stalin's drive for global conquest, the United States stationed substantial ground and air forces abroad permanently for the first time (other than small detachments in places like the Philippines—a colony—and China), especially in Europe, Korea, and Japan.
 - To support these forces stationed abroad and to reinforce them required large standing peacetime forces and enormous, ready, sealift and airlift. We also kept our carrier battle groups deployed on a permanent rotating basis—a change from the pattern of fleet operations in any previous era.

Both in strategic nuclear and conventional forces, the U.S. perception was that we were in a technological race with the Soviets. Given Soviet secrecy, we added to the Pearl harbor surprise syndrome the Sputnik surprise syndrome, i.e., we never knew when the Soviets

2. Under "massive retaliation," the political guidance for NATO military strategy said, "You can count on the use of nuclear weapons from the outset." The simplest expression of the flexible response strategy advocated by the U.S. Government from the early 1960s and finally ratified as the new NATO strategy in 1967 was the opposite: "You *can't* count on nuclear weapons from the outset."

would spring a technological "Pearl Harbor" on us. Moreover, the United States saw that technological quality might confer advantages over Soviet quantity. This compounded the sense of racing.

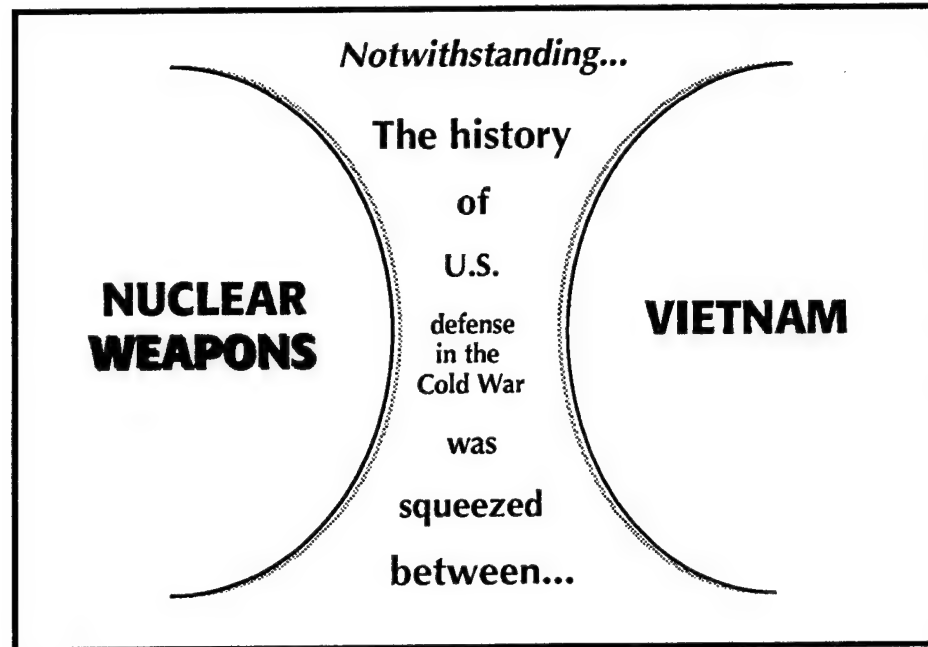
The myth persisted that "the United States could spend whatever was necessary on defense." Both McNamara and Reagan said this in their own ways. Cooler heads at the top of government prevailed, though, since they realized that U.S. economic strength was part of the strategic equation.

The Vietnam War for the United States was an anomaly in all this—a miscalculation about the nature of the Cold War and the cunningness of the Soviets. In the aftermath of the Vietnam War, the Administration and Congress decided to shift from the draft to an all-volunteer, that is, all-professional force. It was a large step away from the "citizens' army-episodic" nature of U.S. defense and confirmed the tendency to maintain large standing forces with high readiness, because all future wars (especially with the Soviets) were envisaged as "come as you are" wars.³

Another element of U.S. defense in the Cold War was *security assistance* to allies and friends—so they could contribute to the common defense, and so other countries (especially Israel) could defend themselves against what were usually perceived as Communist or Soviet-supported threats.

3. U.S. military services in between wars and drafts had been professional, but essentially cadre, forces.

V. A basic reflection on U.S. defense in the Cold War



Whatever the details as the years went by, and however the Cold War was evolving (as it did), nuclear weapons and the experience of Vietnam lurked in the back of the minds of the U.S. defense establishment. They were difficult to grapple with, almost too horrible to think about.

We see residues of both “situations” continuing in the post-Cold War period:

- The residue of nuclear weapons lies both in the continuing mutual strategic nuclear balance between the United States and Russia (as the successor to the USSR) and in the fear of the proliferation weapons of mass destruction in the hands of rogue, undeterrable regimes. The irony lies in the need to rediscover what deterrence is and how it works, after struggling for perhaps 35 years to stabilize that thinking during the Cold War.
- The residue of the Vietnam experience lies in American reluctance to intervene in local wars, without clear cause or out-

come, against shadowy enemies, with a fear of taking American casualties without sufficient justification. The Vietnam experience is reflected in the six Weinberger-Powell rules for decision-making before an intervention, rules that have been reaffirmed by successive Administrations since.

VI. Then the Cold War just vanished...

The United States was left as the lone superpower.

But the Cold War left a huge U.S. defense establishment holding the bag, and with the baggage of inherited syndromes:

- All wars will come out of the blue (the Pearl Harbor syndrome).
- U.S. forces must be highly ready and deployed out there in the world—that is, as it has turned out, in Europe, the Persian Gulf, and the Western Pacific/Far East. The forces had been designed and supported to be deployable and supportable far from the continental United States.
- Somewhere out there is a technological rival who will spring a Sputnik surprise on us. We must continue to seek the best technology lest some other country steal a march on us.
- The U.S. is also stuck with mutual strategic nuclear balance with the Russians, with both forces still on alert as ever, albeit with greatly reduced forces.

Another inheritance was the belief that a strong foreign policy could only be backed by a strong military. While this may well be true, it has come to be accepted uncritically—thus sometimes tying U.S. hands when we can't think of how to apply the military or military force to a situation or issue.

- This is the Munich myth—that, without military power, all you have left is appeasement.
- Yet the removal of the Cold War overlay reveals a stronger kind of world that does not depend on military power—the Bretton Woods world and its institutions (IMF, World Bank, Marshall

Plan—which led to the OECD and to the European Union—, GATT (and its regulatory organization, the WTO), NAFTA, the G-7 (now G-8 with Russia) etc.).

This inheritance was compounded by the strong partisanship over defense issues that has come to characterize the American political scene: Republicans became strong on defense, Democrats appeared to be soft. The Democrats didn't want to look soft or be accused of being soft. Thus, a strong floor appeared under the defense budget, following a cut of roughly one-third of the budget and of the forces in the early aftermath of the Cold War.

It should be noted, however, that the defense budget had already been stagnant, since 1985. Back then, the Congress realized that defense spending had caused the deficit to soar, accumulating an appalling debt burden (since President Reagan also gambled that others would undertake to cut social welfare programs, i.e., Social Security, in order to fund defense). The lid on the defense budget was effectively imposed by the Gramm-Rudman revision of the Budget Act in 1985. However, there was a vast momentum built up from the infusion of funds to defense in the early 1980s, since most of this money went into procurement and military construction, with their long-lead times. This carried the Defense Department through to 1990.

The momentum of Cold War R&D and procurements continued in some weapons systems—F-22, C-17, maybe F/A-18E/F—, but others were essentially terminated—A-12, B-2 (though not until we had bought 21) and the Seawolf attack submarine (though not till we had funded three).

Just as the Korean War was an extension of World War II (large ground forces clashing, an air interdiction campaign, massive amphibious assaults, all supported from the sea), the Gulf War (Desert Storm) became something of an extension of the Cold War—both the Coalition Forces and Iraq fought with systems prepared for a possible NATO-Warsaw Pact war. Moreover, both in the temporal and intellectual dimensions, Desert Storm delayed the reorientation of the forces.

VII. How to retool after the Cold War, and despite the inherited syndromes?

General Colin Powell, with the political support of Secretary of Defense Dick Cheney, down-sized the forces, setting a moderate glide-path of manpower reductions in order to maintain the commitment we had made to the volunteers. This was called "the Base Force."

- The budget went down about 40 percent in real terms from its high in 1985, the force structure—that is, the number of units—was initially cut about 25 percent, and manpower about 30 percent. But infrastructure—bases in the United States—proved relatively incompressible and was reduced only 15 percent.
- Readiness won out over procurement, though. Procurement was cut 50 percent, and the military-industrial complex began to shrink and go through mergers. Is this the victory of the Pearl Harbor syndrome over the Sputnik syndrome?
- It is to be noted that something like 800,000 military, 300,000 civilian employees of defense, and 1,000,000 workers in defense industries were thrown back into the civilian economy—without any disruption or unrest, given that the U.S. economy has been such a robust job-creator.

There was no notion as to where the forces were to *bottom out*, though. General Powell had just bought time.

In the meantime, a strong floor appeared in the defense budget, as noted above, for internal U.S. political reasons.

- The peace dividend was taken, was not a big issue in any case, and no one raises it anymore. It was lost in the political noise of deficit reduction, balanced budget, welfare reform, etc.
- The military services nonetheless perceive the effect of the "strong floor" as highly constraining, since it is a floor only in nominal terms and erodes by inflation. The services have been used to budgets staying at least constant in real terms. Each service has a backlog of programs. At the same time, costs continue

to rise. New systems will have smaller production runs and will perform be more expensive.

Desert Storm, the war in the Gulf, intervened, as noted above. Moreover, Saddam Hussein remained in power. He attacked his own people. The dismantling of his capabilities to build chemical and biological weapons, and missiles to deliver them, was incomplete. He made a serious feint toward Kuwait again in October, 1994, so U.S. forces stay in the Gulf and patrol the skies above most of Iraq.

"BSH"—the situations in Bosnia, Somalia, Haiti—appeared on the scene, to further confuse the transition.

- Some people hoped all wars would go away when the Soviets departed the scene.
- Most have—the possibilities of two-state wars (e.g., Arab-Israeli, India-Pakistan) have practically disappeared, though India-Pakistan may be back on the scope.
- But internal wars, with their awful humanitarian consequences, have persisted. The number of these situations has not changed over time, though their locations change, and the severity of many has increased with overpopulation. We had simply not noticed them as much during the Cold War).
- International intervention in some of these internal war—under the auspices of the UN—seemed necessary. During the Cold War, the U.S. could support the local government in its fights—as in El Salvador—but in each of the current (BSH) cases, and Rwanda too, local government had broken down.
- We are still bogged down in Bosnia and Haiti, and this keeps the debate alive as to whether a portion of U.S. forces should be designed and trained solely for peacekeeping.
- Nonetheless, as General Shalikashvili has noted, these interventions have only used 20,000-70,000 of our 1,400,000 military people at any time, and only \$2-3 billion a year of a \$264 billion budget. But some units (e. g., AWACS) are extremely strained and the \$2-3 billion has usually been taken from the already compressed and strained procurement funds.

We are sustaining our alliances and extending them—we are expanding NATO and we have reached new interpretations of our security pact with Japan.

We are left with the following problems and dilemmas over what to do with defense:

- A stagnant budget, which most people in defense think will either continue to erode or be cut—but won't go up—despite the talk about a coming Federal budget surplus.
- Real agonizing within the military departments about the division of resources among:
 - force structure (i.e., units and manpower levels),
 - readiness (i.e., high operating tempo, both for training against the attack out-of-the-blue and to be busy around the world), and
 - modernization (which is both “recapitalization,” that is, replacement of aging systems, and incorporation in the forces of advancing technology).
- This agonizing is also driven by the unfinished debate as to whether the U.S. should:
 - be “the policeman of the world:” or
 - lay back to wait for war;⁴ or
 - lay *way* back and wait for a new “peer competitor” to arise.
- In the meantime, there is a sense that the defense establishment is plagued with inefficiencies because it can't cut bases and because it is only slowly engaging in modern business practices, including out-sourcing and privatization of functions.

4. It should be noted that there is at present (mid-1998) no internal political pressure in the United States to reduce the 100,000 U.S. military personnel stationed in each of Europe and Asia nor for U.S. naval forces to reduce their forward deployments.

Some want desperately to replace the Soviet Union with China as the formidable enemy.

VIII. After all this history, we are left with some basic factors that govern U.S. defense efforts

1. The U.S. is inextricably tied to the world. We can't go home again. In any case, it is the world we created, and we have some responsibility for it, just as we have benefited from it.
2. The U.S. may also have an inextricable leadership role in the world. We are exceptional—we're good guys; our intentions are benign. We want countries to get on their own feet and then we can leave them alone.
3. Moreover, we think our military strength is the basis of our leadership and our ability "to control" what's happening in the world.
4. The U.S. homeland is hardly threatened, especially now that the Soviet Union is gone and Russia is not our enemy. There is a certain tendency these days to exaggerate the coming onslaught of terrorism on the lone superpower, terrorism possibly equipped with weapons of mass destruction, possibly in league with the drug dealers and organized crime as well. These possibilities must be kept in perspective.
5. Therefore, U.S. defense is an expeditionary, "power projection," matter—we have to o'erleap two wide oceans to do anything militarily out in the world. We call this "power projection."
6. We believe in the value of alliances and mutual security agreements with our friends. We don't really want to handle wars and interventions alone.
7. While U.S. defense is "expeditionary," it appears that some portion of U.S. forces will continued to be stationed overseas for the indefinite future—beyond our historically rotating naval forces presence. This principle has arisen because of our expe-

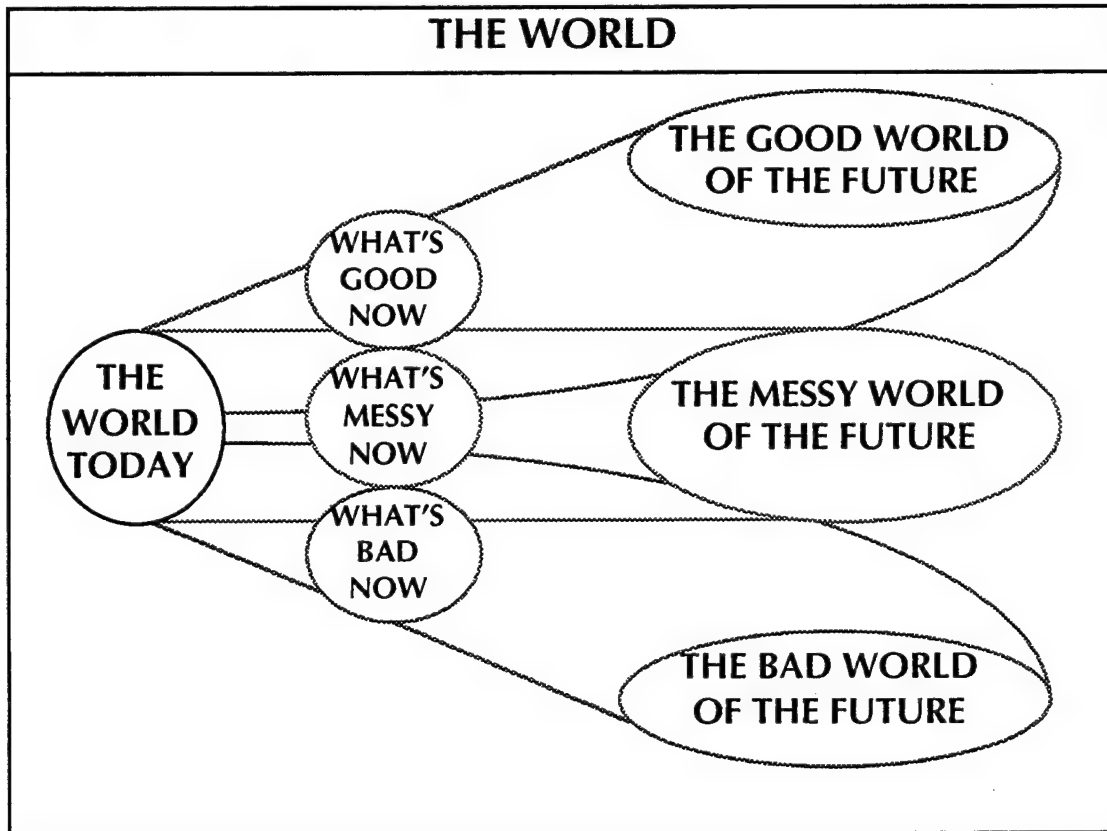
rience in the Cold War, the continuing threats in Korea and the Persian Gulf, and our continuing alliances.

8. Our military forces consist of four Services (and their Reserve components). Unlike most other countries, where the Army is dominant, none of our Services is the dominant one (this has much to do with the fact that we must form expeditionary forces to cross the seas for any large-scale military engagement). The four Services perceive that they are in competition with one another.
9. We now have an All-Volunteer Force, a professional military. Some think that this interrupts the connection of the military to society, but most do not (including most of the military itself) (and after all, the cadres of the 1920s and 1930s weren't all that well-connected to American society). Our military professionalism is the standard for the world.
10. We have great faith in technological solutions to military problems—quality over quantity. We are not sure, though, about maintaining our mobilizable industrial base—that is, whether we should maintain one or rely on “commercial off-the-shelf” purchases in the future.
11. We are still worried about military surprises appearing in the world out there. We suffer from the Pearl Harbor syndrome—we're reactive, and can thus be surprised. We also suffer from the Sputnik syndrome—the fear that someone out there may steal a technological march on us.
12. Another outcome of the experience of American defense, and especially from the Cold War, is that there is a strong floor to the U.S. defense budget now. We have not undergone the radical demobilizations that we went through after previous wars. This strong floor on defense is rooted in the partisan nature of American politics (neither party wants to look weak on defense anymore).

TWELVE FACTORS OF U.S. DEFENSE

- 1. U.S. is inextricably tied to the world.**
- 2. U.S. leadership role seems necessary.**
- 3. U.S. military strength is the basis of U.S. leadership.**
- 4. U.S. homeland is hardly threatened.**
- 5. U.S. military power is thus expeditionary—power projection.**
- 6. U.S. won't go it alone—it will form coalitions.**
- 7. In view of (5) and (6), some U.S. forces will be permanently overseas.**
- 8. U.S. military forces consist of four Services.**
- 9. U.S. military forces are professional (all-volunteer).**
- 10. We have great faith in technology.**
- 11. We are reactive, and thus we worry about military surprises.**
- 12. There is a strong floor on the U.S. defense budget.**

The world of security the United States faces



The world today

What's good now:

- The Cold War is over. There is one world system. There is no competing alternative system.
- There is a global trading system
- Russia and China want to join the system.

- Classic two-state wars have all but disappeared.
- Defense budgets and forces are shrinking in most places. The worldwide trade in arms shrank drastically from the mid-1980s through the mid-1990s, then levelled off, but will shrink some more following the Asian financial and economic crisis that began in 1997.
- U.S. military alliances remain intact and their purposes are being redefined.

What's messy now (mid-1998):

- The continuing economic crisis in Asia, where Indonesia is undergoing the most severe depression, with accompanying political turmoil, and Thailand, South Korea, and Japan are in depression as well. This has had little effect on international security as such and as yet, but Japanese and South Korean difficulties in financing reactors for North Korea, coupled with American political difficulties in financing interim fuel oil supplies, threatens the 1994 nuclear-freeze agreement with North Korea.
- Indian and Pakistani nuclear testing and the revival of their confrontation over Kashmir, giving rise to international fears that this confrontation could escalate to nuclear exchanges.
- The Russian economy.
- NATO expansion—issues of cost, Russian relations, future members, especially the Baltic states.
- The Israeli-Palestinian situation and the future of Middle East peace.
- China's confrontations with regard to:
 - Taiwan.
 - The Spratly Islands (though this situation has been quiet for two years now).
- The security of nuclear weapons and nuclear materials in Russia.

- The situation in the Caucasus, the Caspian Sea basin, and Central Asia (the former USSR), with its combination of unrest (especially in Chechnya, Abkhazia, and the Armenian-Azerbaijani stand-off over Nagorno-Karabakh) and the opportunities presented by oil and gas supplies in the region.

What's bad now:

- There are four rogue countries: Iraq, Iran, Libya, and North Korea. The four rogues:
 - Threaten their neighbors—Iraq and North Korea do so especially.
 - Are also bent on terror and acquiring weapons of mass destruction
 - None are in great economic shape.
 - Iran is now going through an internal political struggle as to whether it is to moderate its international behavior.
- Terrorism is of concern, particularly after the bombings in Oklahoma City and at the World Trade Center, and the discovery of the Aum Shinrikyo sect in Japan. It should be noted that the number of incidents has dropped in half over the last couple of years. In any case, just about all international terrorism is associated with the issue of Middle East peace.
- Failing—imploding—states
 - About two dozen at any time over last 30 years.
 - Only about 14 right now are in active chaos.
 - One situation in particular—in the former Yugoslavia (Bosnia and Kosovo)—has American and European attention.
- Drug traffic; other international crime.

The world in the future (from a security standpoint)

The good world of the future:

- The United States, most of the rest of the Western Hemisphere, Europe, East Asia, and even India prosper economically and remain politically stable. East Asia recovers from its depression and resumes its growth.
- Russia and China continue to join the world system.
- Korea reunites peacefully.
- New regional security arrangements are realized:
 - NATO expands.
 - The NATO-Russia relation is institutionalized.
 - New Asian security arrangements emerge.
- Bosnia and Kosovo settle down.
- Israelis and Palestinians live in peace.
- The United States and Iran find a modus vivendi, as Iran becomes more democratic and shrinks its rogue tendencies.
- Failing states are managed and contained (and the refugee problems they generate are managed).

Messy worlds of the future:

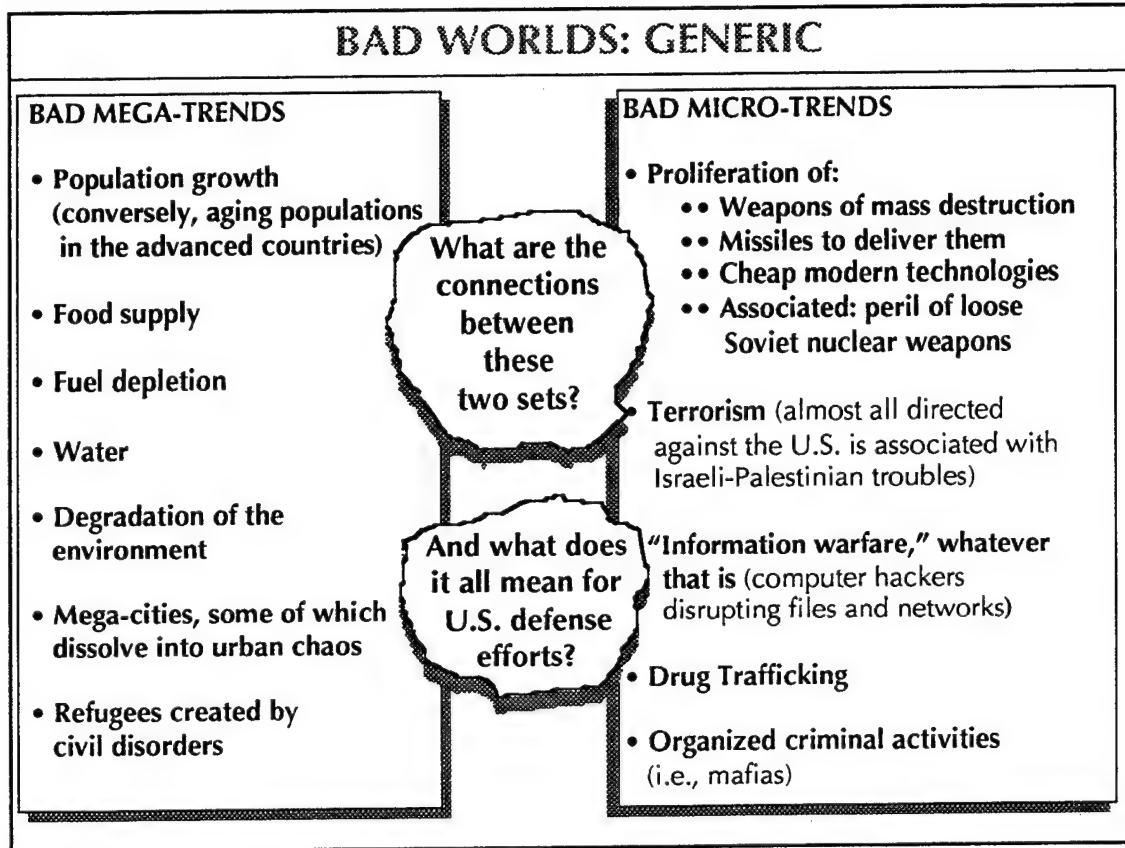
- East Asian financial and economic recovery takes much longer than expected and creates internal troubles in some of the states. Partly as a result, the division of Korea persists, with North Korea still posing dangers.
- Continued strategic nuclear mutual deterrence between Russia and United States, remaining on hair-trigger alert.
- NATO-Russia frictions, especially if the Baltic states and Ukraine were to join NATO.

- No Middle East peace.
- Continued confrontations over Taiwan.
- Division into trading blocs.
- Drug traffic continues
- Frictions in Central Asia & Caucasus over where the oil and gas pipelines are to be laid—but no war (the oil and gas eventually flow).

Bad worlds of the future:

- Nuclear proliferation really gallops ahead. At a certain point before 1998, it had appeared to be well-managed: Brazil and Argentina had given up their programs, South Africa dismantled the six weapons it had built, North Korea agreed to stop plutonium production, and Iraq's program was dismantled by force. But then India and Pakistan tested weapons.
- A major state implodes (e.g., Russia, China, India, or Indonesia). The Russian case could be particularly bad, with all their remaining nuclear weapons—but the Russian economy would only get worse. It might end up looking like a huge North Korea if a highly nationalistic and isolationist government were to take over.
- Trade blocs become military blocs.
- Terrorists use weapons of mass destruction, especially biological weapons, following the example of Aum Shinrikyo.
- China really does build a big military establishment and threatens its neighbors.

There are bad *generic* worlds we can contemplate:



Note the dilemmas *between* these two sets:

- Difficult social, economic, and political situations within a country does not put it into a very good position to build its military or to make great technological strides. It might lead to groups within countries embarking on terror, drug trafficking, and crime.
- Yet there is not much that U.S. military can do about these difficult situations within countries.

The United States in international relations today

I. Sitting pretty:

- The United States has the strongest economy and polity. Notices of “American decline” were premature (it is Japan that is in “decline” now).
- The United States is the biggest importer, exporter, and debtor country in the world.
- U.S. dollar is the benchmark currency. While the U.S. GDP is around 22 percent of the world’s GDP (a rather steady figure), the dollar accounts for 60 percent of world financial transactions.
- The United States is the lone superpower:
 - The only big defense budget in the world, including the largest acquisition and R&D budgets in the world.
 - The largest forces in world (though not in manpower).
 - The only real navy with the only real capital ships (conventional aircraft-launching carriers).⁵
 - Practically the only sizable global expeditionary military capabilities.
- The leader and initiator. The United States:

5. Russia retains one carrier, the *Admiral Kuznetsov*, but it is barely operative. SSBNs might also be thought of as capital ships: the United States has 18 now; Russia’s might shrink to seven or eight unless their economy experiences a near-term miracle, and so far China has only one, which may be inoperative.

- Led NATO expansion and has led the G-7(8), NAFTA, GATT/WTO, APEC, NPT, and CWC (but has not led on the treaty to ban landmines, though). In close association with the Washington-based IMF, the United States led the Mexican and East Asian financial bail-outs.
- Has many internationally active governmental and non-governmental organizations (though all are on restricted budgets, certainly as compared to the Department of Defense).
- Was the only country that could really take the lead to stop the civil war in Bosnia.
- Shapes global culture (e.g., by Baywatch and Internet).

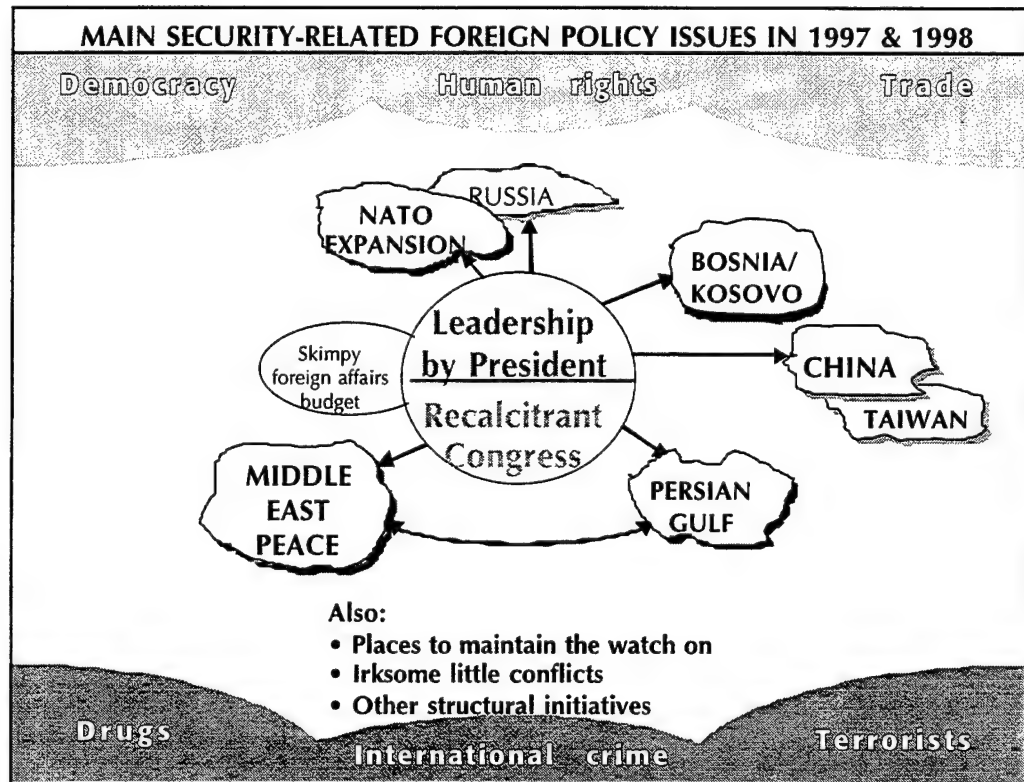
II. But inhibited:

- While the U.S. Government has always had a system of checks and balances, at certain times really vicious domestic political partisanship vitiates our leadership. Moreover, in the open American political system, various ethnic groups may at times seem to have disproportionate and distorting influence.
- The big U.S. defense budget is really a domestic matter. It is mostly spent in the United States. Congress dislikes long military involvements overseas (as in Bosnia) and devotes much of its interest in defense to procurement allocations and military personnel matters—both domestic concerns. There is almost a fundamental disconnect of defense from foreign policy—Congress provides only skimpy funds for other international programs.
- The U.S. public and Congress don't want the United States to be the policeman of world.
- We got embroiled in Somalia, Haiti, and Bosnia ("BSH")—and have thus become leery of any new interventions, e.g., in Rwanda. There is a sense in Washington, especially in Congress, of being soured on the UN (the public likes the UN, though). There is a great political fear of incurring American military casualties in an unworthy cause.

- We have continuing difficulties in persuading Israel and the Palestinians to reach a peaceful settlement. Our difficulties also complicate our relations with the Arab states, which in turn poses problems for our keeping the screws on Saddam Hussein to give up his weapons of mass destruction.
- The United States is still wrapped into mutual strategic nuclear deterrence with Russia.

There are a finite number of major foreign policy issues in which the U.S. government engages

The five current major ones are displayed in the chart below:



These issues, apparent at the beginning of 1997, will persist through 1998. Note that this chart is only about security-related issues. It does not, for instance, cover the current (December 1997) financial crisis in East Asia (whose relation to U.S. security seems to be nil, though

some are predicting social unrest in some of these East Asian countries as unemployment develops). Some would add India-Pakistan to this list, given the putative dangers of nuclear war and the encouragement of proliferations engendered by their nuclear testing. It remains to be seen how major this issue will be.

Note also the background, long-term issues: those of a positive cast include the spread of democracy (or the struggles to sustain it), human rights, and global trade. Those of a negative cast are the traffic in drugs, international crime (most often associated with drugs), and terrorists. The terrorist problem—on an international scale, and for international impact on the United States—is almost entirely related to the difficulties of achieving peace between the Israelis and the Palestinians. It will remain a serious, though incidental, threat to the United States as long as there is no progress in peace.

In addition to these central foreign policy issues, the United States:

– Has the nagging problems of:

- Haiti
- START II ratification by the Russian Duma

– Must maintain the watch over:

- The possibility of war in Korea and the collapse of the economy and consequent famine in North Korea;
- Iran—for terrorism, subversion of other Gulf countries, incidents in the oil shipping lanes, and its missiles and weapons-of-mass-destruction programs—but also for its internal evolution;
- The security and stability of the regime in Saudi Arabia and the other Gulf emirates;
- Turkey, including renewed tension in Cyprus;
- Cuba;
- Mexico—now greatly complicated by the traffic in drugs;

- Egypt, as the largest Arab state, struggling with fundamentalist uprisings and given its geostrategic position.

– Must consider whether to do anything about the little, but tragic conflicts, like:

- Northern Ireland (for which a peace agreement has finally been reached and must now be implemented);
- Rwanda-Burundi-Congo (formerly Zaire) and the other Congo Republic;
- Algeria (though this is first an internal problem and, second, a French problem);
- Sudan, where the war and famine in the south are interminable;
- Liberia and Sierra Leone, where the United States has conducted repeated non-combatant evacuation operations, but which finally (summer, 1998) may be settling down;
- The Spratly Islands (which have been quiet for a couple of year now);

– Pursues other “structural” initiatives around the world. By structural, I mean the setting up of institutions meant to guarantee the peace through regular cooperation among nations. These initiatives include, for example:

- UN reform
- Combating proliferation (the successful roll-forward of the Non-Proliferation Treaty completed in 1996 has now been greatly compromised by the Indian and Pakistani nuclear tests);
- Implementing the Chemical Warfare Convention (CWC);
- Participating in the diplomacy of oil and gas pipelines in the Caucasus and Central Asia

In the meantime, the Defense Department:

- Continues to deploy forces to Bosnia and the Persian Gulf, and a small residual military group in Haiti.

- Otherwise participates in diplomacy affecting U.S. security, e.g., the U.S. Navy engaging with the Chinese navy.
- Maintains stationed forces in Europe and in Northeast Asia
- And may be called upon to deal with more of the “irksome little conflicts.” As I have noted above, though, there is a sharp political debate in the United States, especially in the Congress, as to whether any further interventions should be undertaken. Right now, the debate centers on whether these interventions drain readiness, strain some of the forces, threaten reenlistment rates, and cut into acquisition (a domestic program).

The American public appears to be reasonably informed about many of these activities. They tend to be generally supportive of American leadership around the world. They generally rely on leadership in Washington—the President and Congress—to carry out the necessary activities. But they do not want the United States to be the world’s policeman.⁶

6. See Steven Kull, I.M. Destler, and Clay Ramsay, *The Foreign Policy Gap: How Policymakers Misread the Public*, A report of a study by the Center for International and Security Studies at the University of Maryland and its Program on International Policy Attitudes, October 1997.

Connecting foreign policy and defense strategy

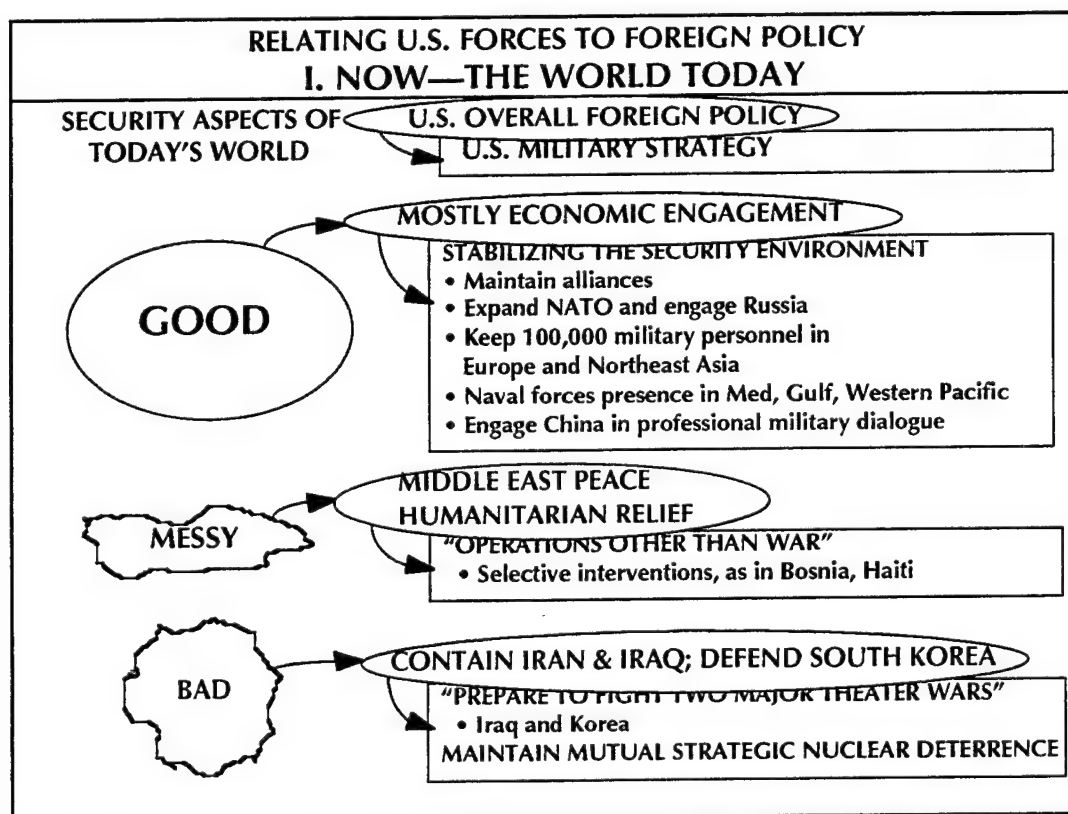
Two major points might be made from the preceding discussions:

- First, the world is in pretty good shape in this post-Cold War period, especially in the economic sphere (notwithstanding the difficult adjustments that must take place over the next several years in East Asia). There is a real chance that Russia and China will integrate into the world system. The four rogues—especially Iraq—can still stir up trouble, as we have seen in November 1997, but are all in deep economic trouble, in part because of their own mismanagement and in part because of economic sanctions. Bosnia and Kosovo remain unresolved, though progress may be taking place in Bosnia, and there are numerous other failing states. None of the above really threatens the world system as it has emerged, though another war in the Gulf could disrupt oil supplies.
- Second, the United States has a unique and powerful position in the world. It is the sole superpower. It has the strongest economy and the most powerful military by far. At the same time, this doesn't mean that it can make all or anything happen in the world—witness the difficulties of dealing with Saddam Hussein. Moreover, the American public is mostly concerned with domestic affairs, though they are more aware of what's going on in the world than they are sometimes given credit more. Politics in America have become very divisive, and this can vitiate America's leadership role.

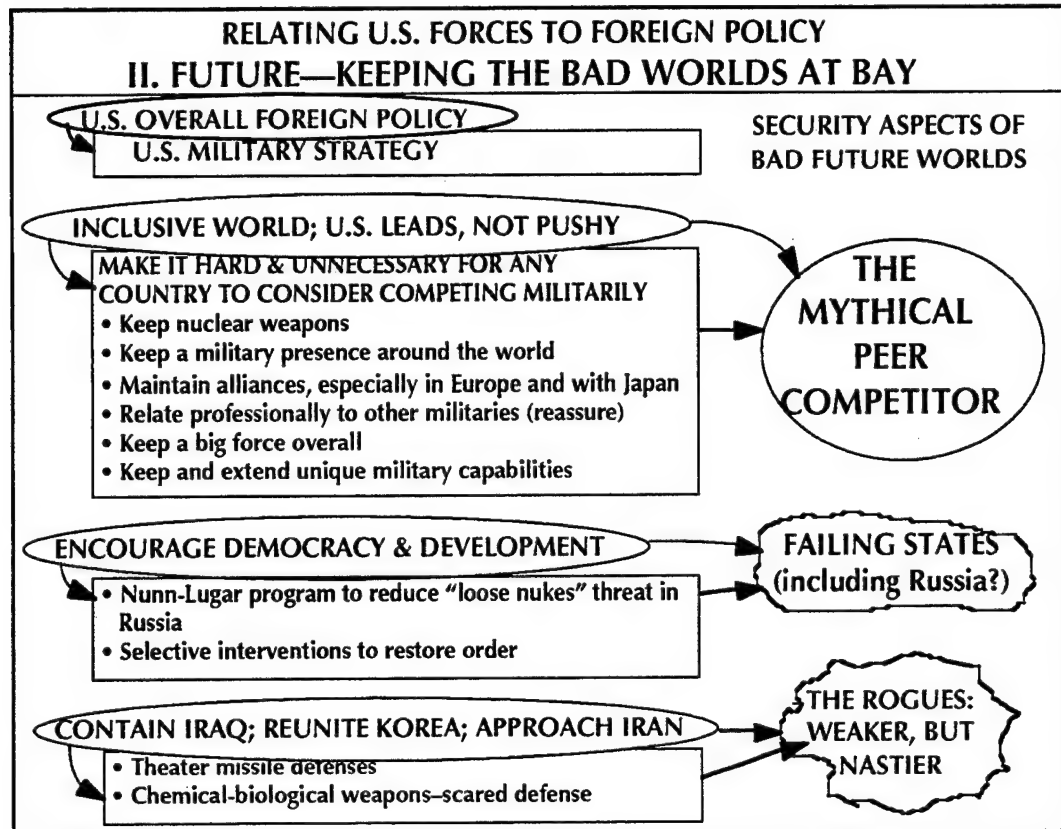
The threats the U.S. military must cope with are now difficult to pin down, except for the continuing problems of Iraq and North Korea. Some of the more dire threats—proliferation of weapons of mass destruction, especially in the hands of terrorists, for instance—have not quite materialized and thus may lie in the future. Yet U.S. foreign policy tends to concentrate on the here-and-now problems.

Relating U.S. forces to foreign policy

Current tasks of U.S. forces, as related to the situations in the world and U.S. foreign policy, can be portrayed in the two charts on the following page. These are merely impressionistic. The scale of the tasks is not explored in these charts. Not everything can be done well, either now or in the future—nor should it be. This is not necessarily a world going to pieces and that needs to be rectified by military means. The opposite is probably closer to the truth: a pretty good world that can be managed, with the military function (at least for the United States and in its coordination with allies) to provide a stable military spine (such that no other country feels it needs to make big new military efforts—a new definition of what it means for the United States to remain the only superpower) and to tidy up the conflicts on the fringes of the overall world system. Within this scheme, though, Iraq's intransigence remains a running sore and war in Korea a constant threat.



The future tasks of U.S. forces may be summarized as follows:



The Defense Department's "Quadrennial Defense Review" and strategy

The U.S. Defense Department recently conducted a "Quadrennial Defense Review" (QDR) to see what adjustments might be made to defense strategy and to the forces now that several years had passed since the end of the Cold War.

There had been a major review back in 1993, called "the Bottom-Up Review" or BUR. But by 1997, the BUR's approach to setting a floor on the U.S. force structure to be maintained—the capacity to fight and prevail in two nearly-simultaneous major regional contingencies (MRCs)—had become outmoded.

- The simplicity of the MRC model was not well matched to the continuities and complexities of the actual security environment and actual US responses in it.

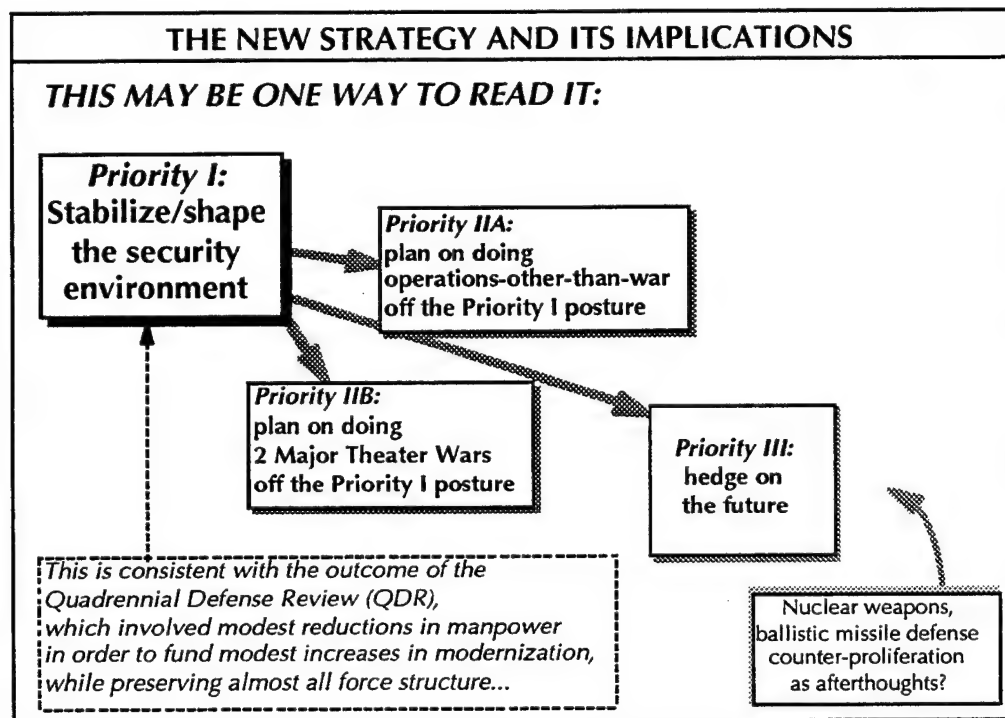
- The role forward-deployed forces play in contributing to stability worldwide had not been afforded a prominent place in the BUR. However, there are significant forces serving in this role (100,000 military personnel stationed in Europe, another 100,000 in Asia, as well as regularly rotating naval forces, especially those in the Persian Gulf).
- Moreover, the number and scope of deployments associated with operations-other-than-war were also not foreseen.
- It became clear that doing everything—maintaining the size and readiness of forces able to fight two MRCs, while preserving presence, executing a large number of interventions, as well as modernizing the forces—could not be sustained within the rather stagnant budget levels established by the American political system, especially in its debates and actions to achieve a balanced budget.

In the course of the QDR, a “strategic triad” emerged to account for the range of functions the Services could be called on to cover in this new era, consistent with the evolving foreign policy of the United States.

- The first element of this triad was “shaping” (or, as my preferred term, “stabilizing”) the international environment. This involves forward deployment of forces and maintenance of alliances. It tends to mean continued high readiness levels and preservation of force structures, which in turn means that only modest and evolutionary modernization can be accommodated within the constrained defense budget.
- The second element was “responding” to both Major Theater Wars (MTWs—Secretary Cohen’s preferred terminology for what used to be called MRCs, or Major Regional Conflicts) and operations-other-than-war.
- The third element was “preparing” for the future, including seeking to integrate new technologies into the forces, in anticipation of some unknown future “peer” competitor. If “preparing” were to be given priority, it would mean skewing the

budget toward investment at the expense of force structure and possibly of readiness.

Both the language of the strategy and the modest trade-off of manpower for modernization funding that emerged from the QDR means that “shaping the environment” has been given priority. The other two elements thus become derivative from it and of lesser priority. This outcome is summarized in the following chart:

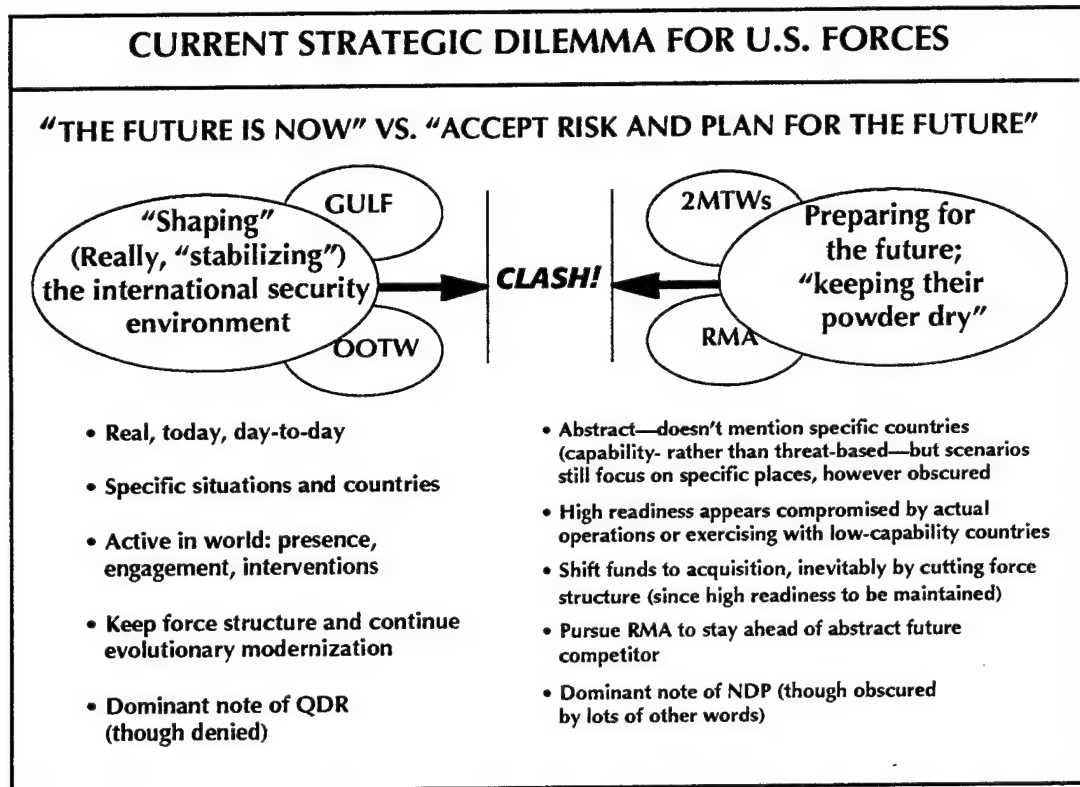


The major problem with asserting this as the strategic outcome of the QDR is that the language of the QDR strategy is vague enough that it can still be interpreted as offering all things to all people, especially since the advocates of the other elements of the strategy remain. If all participants are to be satisfied, everything will still be first priority:

- Those who wish to preserve the war-fighting core of the forces at all costs will cling to 2MTWs as the center of the strategy.
- Those who wish to preserve force structure at all costs will stress the deterrent role played by forward-deployed forces.

- Those who fear the future and the discoveries of the brilliant technologists who may be lurking out there will want to give priority to the “Revolution in Military Affairs” and preparing for the future.

These dilemmas can be reflected in the chart below, which shows the basic tension in Department of Defense strategic considerations.



This dilemma will be reflected in the next section of this paper, on the program dilemma in Washington between (1) funding current operations and the high readiness of existing forces versus (2) increasing the procurement accounts.

- Nonetheless, it is this author’s view that the “shaping,” or, as I prefer it, the “stabilizing” model suits the current dispositions of the leadership in the White House and in Defense. It also satisfies the Services desires to keep force structure. The leadership these days seems to be concentrating on maintaining and

improving worldwide institutional structures that preserve alliances (e.g., expanding NATO and reaffirming the U.S.-Japan security treaty) while deterring the few rogues who would upset world order. In addition, they are giving a good deal of attention to engaging China in order to find ways that China can constructively participate in the world order.

- Yet it is also true that the present Secretary of Defense asserts that the “responding” or “2MTWs” strategy remains at the center. This may be in part because Congress wields this strategy as the test of sufficiency of the forces. Suffice to say, at this point, that the numerical basis of 2MTWs needs to be recalculated, given the desperate states of the Iraqi and North Korean economies and the consequent lack of maintenance, training, and replacement of their equipment. China has not yet been inserted into the 2MTW equations, if such equations exist, though some people in Washington are eager to make them a “peer competitor” or a “regional peer competitor.”
- As for “preparing” for the future, I will only note here that the President’s defense budget submission for FY99 included about \$49 billion in procurement funds and \$36 billion for R&D. The \$49 billion itself exceed the entire defense budget of any other country in the world. The R&D budget may be several times that of the rest of the world combined.

How the defense budget and programs are put together in Washington

We can look at U.S. defense from two perspectives:

1. The overseas deployment and operations of the forces; and
2. The authorization and budgeting of defense programs.

In this section, I concentrate on the second perspective.

There are three major groups in Washington that play in formulating the defense budget and programs:

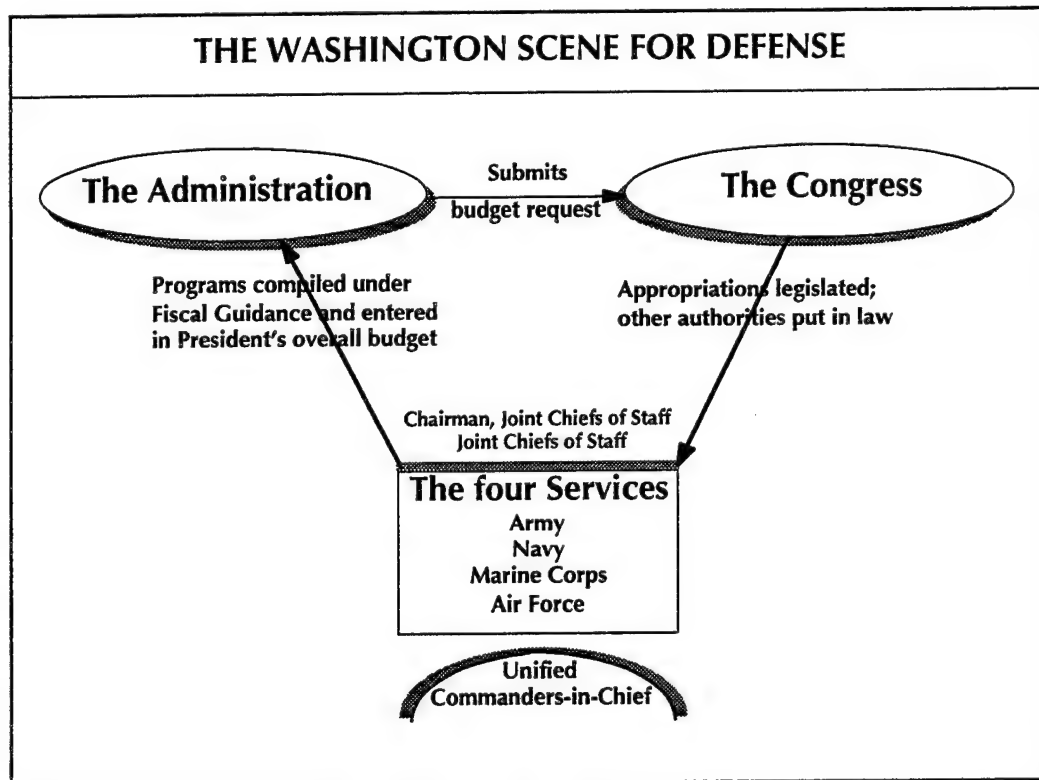
- The Executive Branch (the President and his political appointees and their supporting staffs, especially those in the Department of Defense);
- The Congress (in particular the four committees that address the defense budget—the authorization committees and the appropriations subcommittees in each house); and
- The four military Services.⁷

In addition, defense industry plays a major role in innovating and pressing for acquisition programs. Defense industry works hand-in-hand with the Defense Department (both with the Office of the Secretary of Defense and with the Services) and lobbies the Congress. Another strong lobby is for Reserve forces, particularly for the Army Reserve and National Guard. Congress is also sensitive to constituent pressure to keep defense industries and military bases open.

7. There may be even a fifth Service—Special Forces. They have their own Assistant Secretary of Defense, mandated in law, the Special Forces Command in Tampa, their own budget for operations and acquisitions, and their own special relationship with Congress.

The Defense program process is driven by the annual budget cycle and by the advent of major systems acquisitions—the first is regular, but the second is episodic. Major legislation on personnel matters or on defense reorganization is enacted by Congress only at wide intervals—as for the All-Volunteer Force in 1972-1973 or in the new emphasis on joint operations of the forces under the Goldwater-Nichols Act of 1986.

Peripheral roles in the budget and program process are played by the Chairman of the Joint Chiefs of Staff, the Joint Chiefs collectively, and the Unified Commanders. They are mostly involved in planning and supervising the deployments and operations of the forces. While the Goldwater-Nichols Act assigned them a larger role in recommending defense programs, they do not have much influence because they do not have ownership or cognizance of budget and program details. Yet the needs of continuing operations have a strong feedback to the operations and maintenance budgets of the separate Services.



There is a basic tension in the system portrayed above: both the President and the Congress believe they represent the essence of civilian control of the military under the Constitution. The President is the Commander-in-Chief of the Armed Forces. The Congress must raise the forces and declare war.

The President and his Administration:

- Propose to Congress the budget top line for defense within their overall budget proposal. They also propose the detailed programs of defense.
- Decide when and where to use the forces. As we have seen in the post-World War II period, Administrations have engaged in "limited" military operations and have not sought formal declarations of war. Administrations' consultations with Congress on initiatives to use U.S. forces in conflicts have thus been informal and have tended to be only with the top leadership of Congress. The Tonkin Gulf Resolution of 1965 and the Desert Storm vote of 1990 were the exceptions, but neither vote represented something legally binding and were regarded as simply advisory.
- Tie the forces to foreign policy.
- Decide on the development of those major weapons systems that represent a major change in U.S. military strategy (e.g., strategic nuclear weapons) or a major investment of resources. (Otherwise, it is the Services that propose the equipment they want and need, which they generally get so long as it fits the budget.)
- Sets social policy for the military.

Congress:

- Sets a top line for defense in its Budget Resolution (this usually tracks closely with the Administration's budget proposal though it is independently developed).
- Appropriates funds in detail.

- Passes laws governing the military, including personnel and social policies.
- Responds to defense industry and constituent pressures, including direct appeals from individual military personnel.
- Encourages the Services to make direct appeals to them for funds and support of particular weapons systems.
- Protects the funding and manpower levels for the National Guard and Reserves.
- Episodically pressures the Services to be more joint, i.e., to be ready to operate more closely with each other in conflicts and to avoid duplication of acquisitions.

The Services:

- Recruit, organize, train, and operate the forces.
- Plan, research and develop, and contract for equipment.
- Maintain the equipment in the forces and provide for the quality of life of their all-volunteer personnel.

The Secretary of Defense has a particularly important role in this whole process and set of relationships. He might be:

- The Administration's enforcer; or
- The intermediary between the White House and the Services; or
- The captive of the Services—i.e., merely bundling their program proposals together.

In practice, the most important roles of the Secretary of Defense and his staff are to:

- Reconcile the Service programs within the overall Federal budget limitations.
- Decide on and allocate funds for major systems acquisitions. The Under Secretary of Defense for Acquisition and Technol-

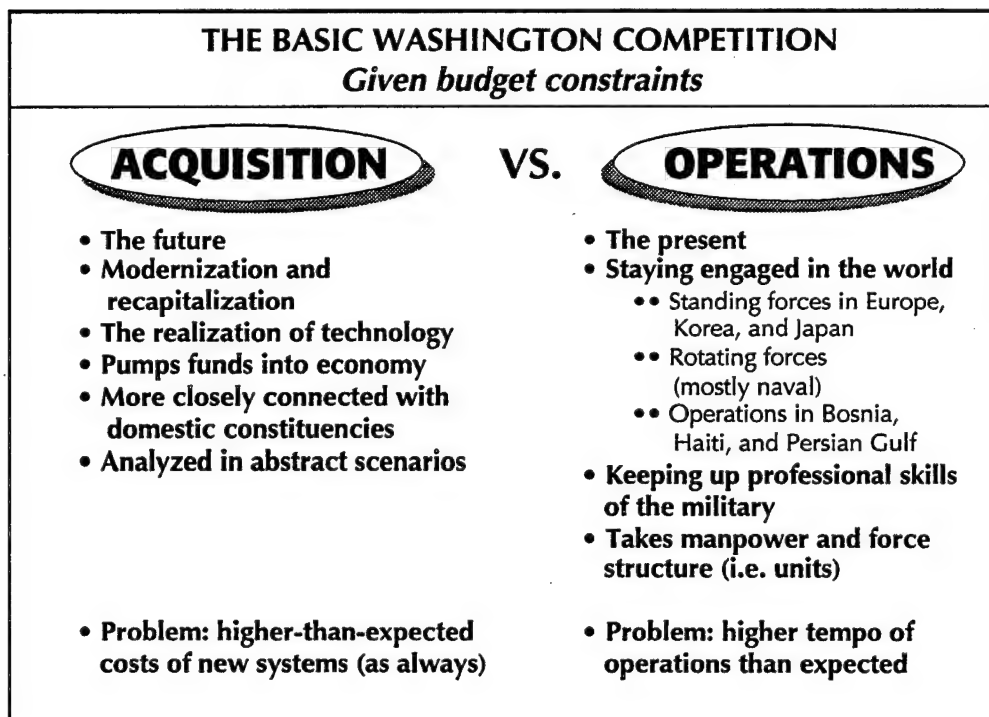
ogy and his civilian counterparts in the Services have strong legal responsibilities for this.

- Ensure that the Services acquire national systems like the strategic nuclear forces and the cross-service airlift and sealift that enable the United States to deploy joint expeditionary forces.

In carrying out the above roles, the Secretary and his staff attempt to lend the overall strategic character to the combined programs that the Administration in office desires.

The current play between acquisition and operations

The major debate in Washington over defense tends to be as shown in the next chart:

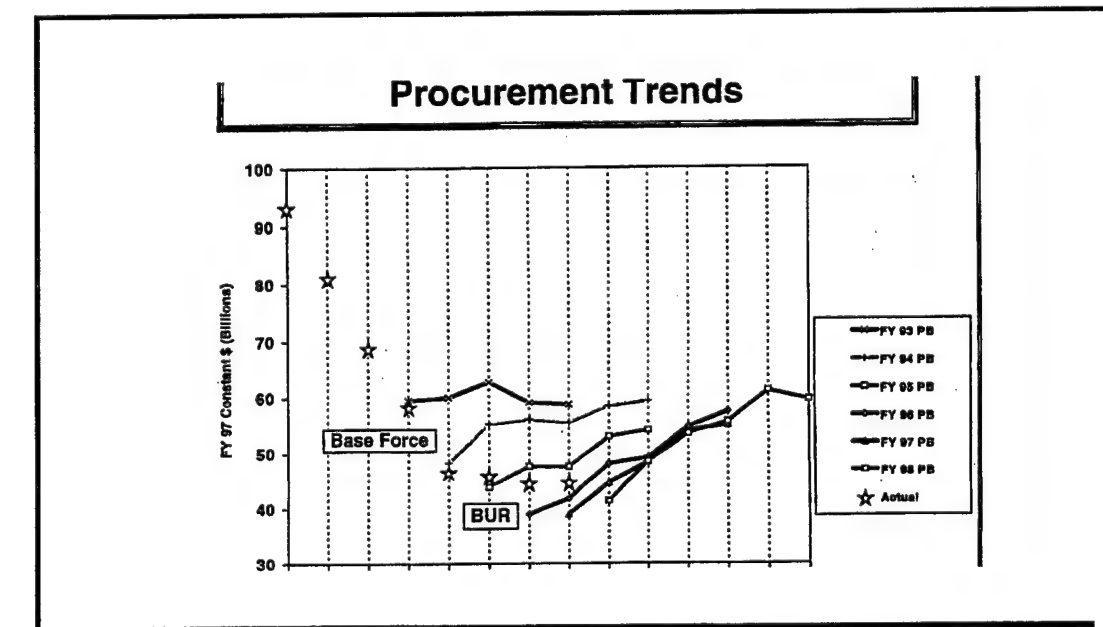


The U.S. defense budget is likely to stay at about the same level it is today indefinitely. That level is generally thought to be about \$250 billion (it is around \$264 billion for Fiscal Year 1998). The Administra-

tion and Congress might allow it to rise to offset inflation (especially in military and civilian salaries), but it is generally thought that it won't altogether keep up with inflation. There is some talk now by Congressional leadership about using a portion of the Federal budget surplus that is now materializing to increase the Defense budget in real terms. However, they seem to be giving higher priority to protecting the Social Security Trust Fund and cutting taxes.

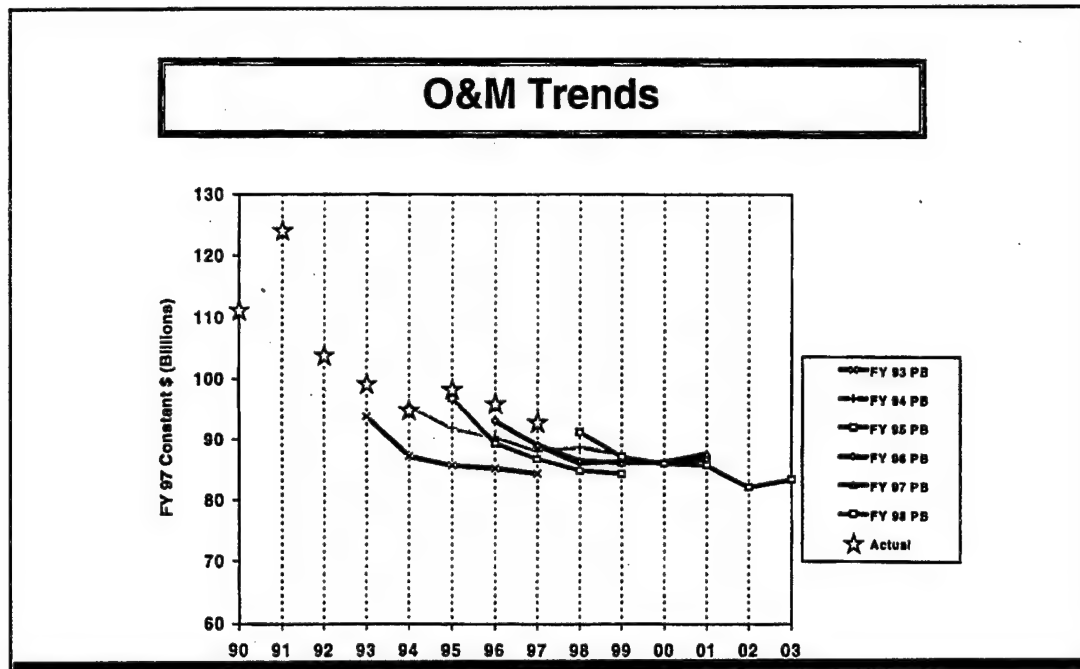
We can therefore foresee zero-sum defense program decision-making as between acquisition and operations for some time to come.

Difficulties in this decision-making arise because of optimistic expectations that (a) more procurement funds will be programmed and that (b) operating expenses will be controlled and reduced. The chart below is a typical Defense Department "horse tail" chart. It shows that at each budget juncture, the projection of the budget showed a rise in procurement funds. The actuality is always lower, whereupon a new "horsetail" is projected.



A "reverse horsetail" prevails in the operations (O&M, or operations and maintenance) account, as shown on the next page. That is, the Defense programmers predict annually that the O&M expenditures

will be tending down, whereas they tend to stay higher than expected. These tendencies are shown in the chart below:



The Defense Department has foreseen an average annual risk of about \$5 billion in its investment levels, which run about \$80 billion a year. These risks lie in cost growth and schedule slips. In O&M, they see an average annual risk of about \$10 billion migrating from investment to operations in order to sustain operations and readiness. These margins strongly affect the debate about the future character of U.S. defense efforts, especially if budgeting is a zero-sum game.

The solutions to this strong tendency for investment funds to migrate over to operating accounts lie in:

- Further reductions of force structure (i.e., saving military manpower and its costs and saving the incremental costs of operating their equipment); or
- Reducing the operations of the forces themselves, by either disengaging from operations like those in Bosnia or the Persian

Gulf, or by reducing other regular deployments, or by reducing the readiness of the forces, i.e., training less.

Unfortunately, most of the operational costs lie in the relatively fixed costs in the United States, rather than in the incremental costs of actually sailing the ships and flying the aircraft. Moreover, cutting the incremental costs of operations tends to reduce the readiness of the forces—their war-fighting sharpness and preparedness. Not doing that has become a shibboleth in the Defense community (see the principle underlying US defense that we as a nation tend to be reactive to events, and thus vulnerable to surprises, and that therefore we like to be able to react fast).

Conclusions

I. The realities

1. The world is mostly peaceful. It is not a more dangerous world than it was during the Cold War.
2. United States is deeply involved in the world:
 - Economically and financially.
 - In maintaining and forging alliances and other multinational arrangements and institutions, thus to create a world system to our liking.
 - It wants to get Russia and China fully engaged in the world system.
3. Major threats to peace are the four rogues—Iraq, North Korea, Iran, and Libya. Each of these countries:
 - Threatens to attack its neighbors (though Iran would subvert, not attack).
 - Is an arbitrary dictatorship (except perhaps Iran).
 - Sponsors (or has sponsored) terrorism.
 - Possesses or is working on weapons of mass destruction and missiles to deliver them, or, in the case of Iraq, aspires to as soon as international controls and sanctions are lifted.
4. There are numerous failing states on the fringe—we've got involved in three (Somalia, Haiti, Bosnia), but have avoided others (e.g., especially Rwanda/Congo).
5. The Chinese threat to forcibly reunite Taiwan with the mainland is back on our scopes following Chinese missile firing meant to influence Taiwanese elections in March 1996. The threat is manageable, because the United States is engaging a

China that wants to be part of the world community, China has not yet built the military capabilities that might allow it to try to carry out its threats, and Taiwan and the United States together can defend against those threats.

6. Defense is kind of on the fringe of the major involvements of the United States in the world. The major exception is probably the continued U.S. role in enforcing the disarmament of Iraq and the continuing need to defend the countries in the Persian Gulf against another Iraqi attack.
7. The U.S. defense budget won't go up, and it will continue to erode in real terms, unless a sustained Federal budget surplus allows otherwise. There are no threats on the horizon that would force an Administration and Congress to increase the Defense budget. Rather, it would be their desire to sustain the current level of forces and to replace their equipment with more technologically advanced versions.

II. Defense is still going through a difficult transition

1. The U.S. Defense Department has big legacies:
 - Large forces.
 - Extensive infrastructure ("bases") that is difficult to compress.
 - Big backlogs of costly programs to replace older systems.
 - Cold War legacies—especially the fear of surprise attacks or of technological surprises by another country and the consequent need to stay highly ready.
2. U.S. forces are still deployed and active around the world:
 - Permanent forces in Europe and Northeast Asia; regularly rotating naval forces.
 - Engaged in the Persian Gulf, Bosnia, and Haiti.
 - Some force elements are severely strained.

- We may be using up lives of certain equipment before it can be replaced.
- 3. The Defense Department seems to want ALL strategies—shape the international environment now, be ready for war in the Gulf and Korea (“nearly simultaneously”), and to prepare for the future.
- 4. Keeping and operating current forces clashes with the Services’ desires to recapitalize and modernize their forces, given a constrained budget.
- 5. All of the decision-making on what to do is complicated by Services’ perception of zero-sum competition in Washington for shrinking resources. The Reserves also play in this competition.

III. What the Defense Department must do

- 1. Live within the stagnant budget.
- 2. Make the hard choices to *disinvest* if they want to *invest*...
- 3. ...though keeping the present force and simply toning it up on the margin is not a bad strategy.
 - No other country is doing as well; they’re all doing worse.
- 4. Aggressively pursue efficiencies—though all recognize these are not enough to finance reinvestment.
 - Infrastructure must be reduced.
 - Outsourcing and privatization will yield savings.
- 5. Seek operational efficiencies as well.
 - The hot spots are clear and few—Bosnia and Kosovo remain hot, and so does the Persian Gulf. War could break out any moment in Korea—that’s why there are still sizable South Korean forces and a tripwire U.S. force on the ground, especially near the DMZ (demilitarized zone). A crisis over Taiwan may loom from time to time.
 - Thus, U.S. forces don’t have to wear themselves out trying to be everywhere in the world. There is a fear in each of the U.S. military Services that, if they cannot demonstrate that they are johnny-on-the-spot, whether deployed in the area

or able to deploy rapidly to it, they may lose resources to another Service. As I have noted above, there has arisen no clear strategic reason in Washington to alter Service share of the budget, and they have not been altered. Someone should relieve the Services of this misperception.

6. In preparation for the rare wars, recognize that the most efficient, powerful force is the Joint force—all Services together—and combined with allies as well. The use of overwhelming force when the use of forces is necessary is the best way to keep casualties down, too, and this may also mean joint forces, depending on the situation.

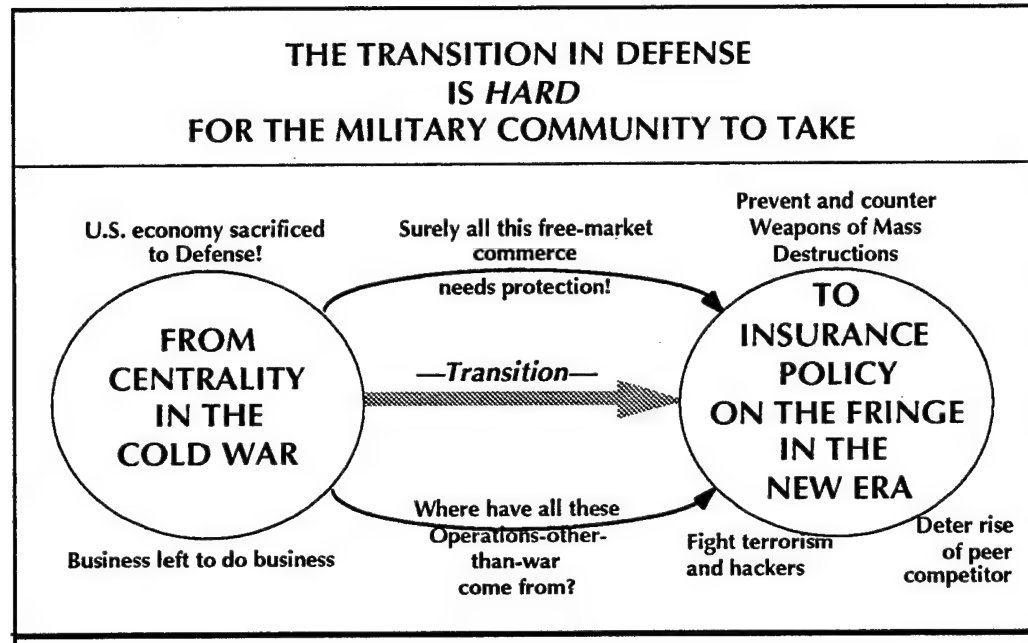
Some concluding observations

The next two charts, on the following page, offer my final reflections on the situation in U.S. defense.

The major points are:

- Defense has gone from having centrality in the American outlook toward the world during the Cold War to tidying up on the fringe of the world. This may be regarded as a come-down for the military Services, though it should be a cause for rejoicing by every American.
 - The Soviet Union has collapsed, and no replacement as a military and ideological competitor is in sight.
 - The occasions for classic two-country wars have diminished greatly. What remains are two rogues (Iraq and North Korea) who threaten to attack their neighbors. Both have severe economic difficulties.
 - Attention thus turns to “failed states,” or imploding countries. This is not a new phenomenon—there have been about two dozen states in trouble at any given time since at least the mid-1970s.
 - At the same time, U.S. alliances, especially in NATO, and with Japan and South Korea have persisted, and opportuni-

ties to establish new relations with other countries have opened up, notably with Russia.

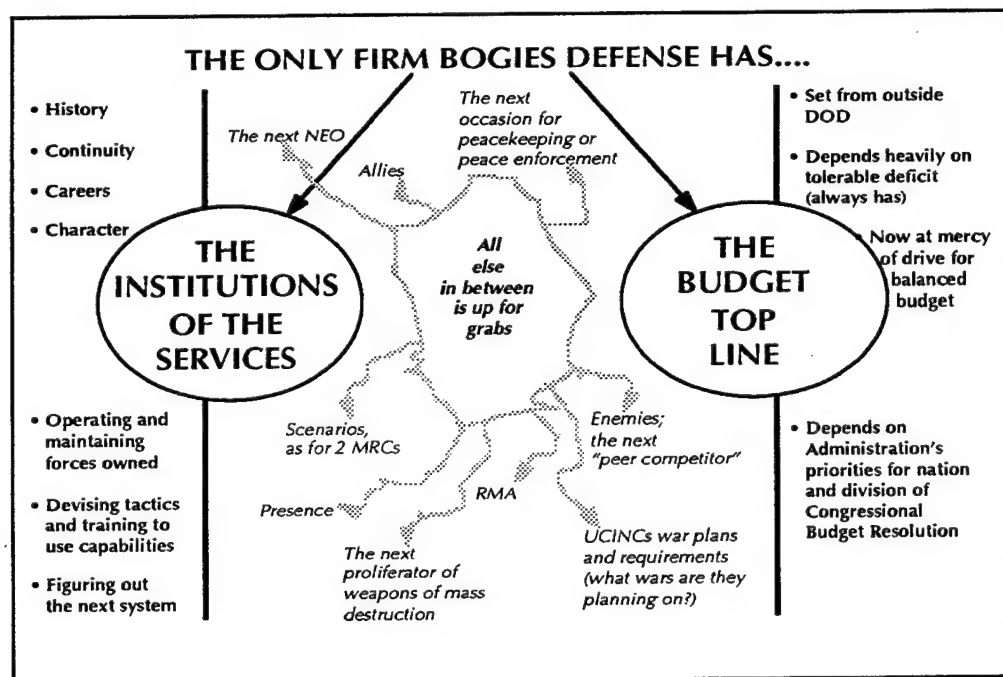


Given these mostly desirable changes in the world situation, the U.S. military establishment assumes a mostly insurance function. The military Services of the United States are noble and long-standing institutions, registering in polls as the most respected institutions in America. Not only do they carry out this insurance function in maintaining professional contacts with other militaries and in selected stabilizing roles (notably in Bosnia, Northeast Asia, and in the Persian Gulf at the present time), but they must also be preserved and sustained for a future turn to the worse. This does not mean those turns to the worse are inevitable, but “keeping one’s powder dry” is a worthy objective. That is the nature of insurance policies.

Moreover, given the politics of the U.S. Federal budget (i.e., that it should be balanced), the defense budget top line is fixed and stagnant. No amount of rational analysis or scenarios about the present international scene or the future can overwhelm this current domestic political situation. At the same time, given the long history of the Cold War, the Congress and the American public continue to be sen-

sitive to the need for a strong defense (though not about the exact dimensions of that strength. There is some talk about coming surpluses in the Federal budget permitting increases in the defense budget. But the surpluses have yet to be realized (and the effects of the Asian financial crises on continued U.S. growth have not yet been seen), there is a strong drive to reduce taxes instead, and looming just beyond that are an imminent jump in the costs of Medicare for an aging population.

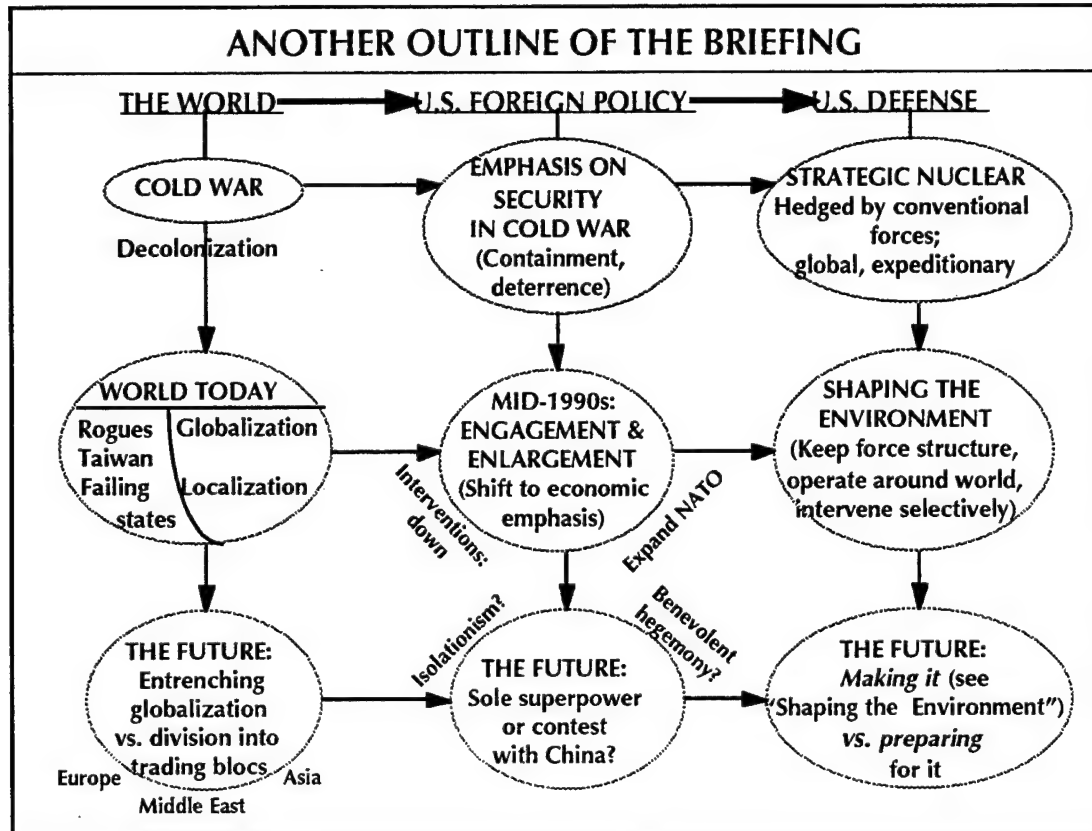
Thus, we can see two firm pillars of U.S. defense, as shown in the chart below. I call them "bogies," a term unique to the U.S. Defense Department and not to be found in any dictionary. A bogie is a crude starting point, not the product of some elaborate analysis, but useful for further departures. You've got to start somewhere!



A brief review

Below, I have shown an evolution of U.S. defense considerations along two axes: laterally, from the world to U.S. foreign policy to the

U.S. defense posture and strategy, and vertically, from the Cold War to the world today to some gross simplifications of the future.



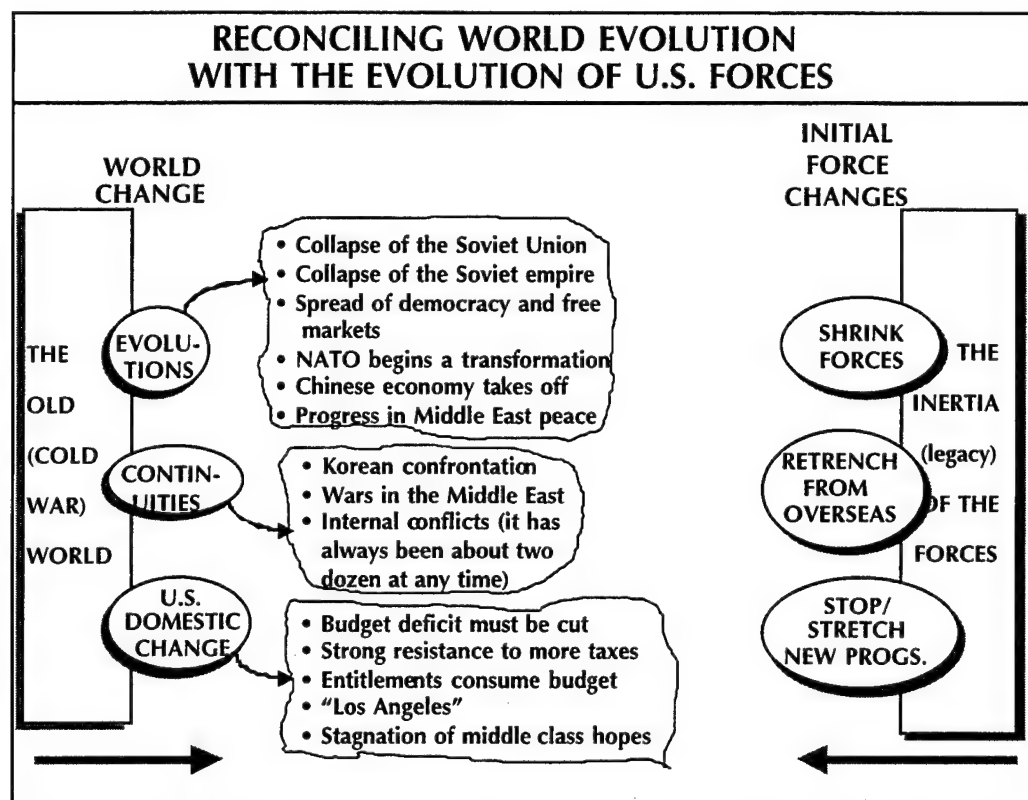
We have moved from the Cold War, with military security having a central role in U.S. foreign policy, and, within that, nuclear weapons dominating our strategic consciousness, to an intermediate position of some flux today.

Today, economics is at the forefront, though we still have the pesky rogues and Bosnia around. U.S. military forces handle these situations, but they also contribute to "engagement," especially with the expansion of NATO, and with new relations with Russia and China.

As for the future, and future roles of the U.S. military, the question is whether the United States can shape how that future emerges, and how much the military can do to contribute to that shaping, or whether the military should lay back, hedging with R&D, in order to be prepared for whatever emerges. This debate is taking place now.

Addendum: another way of looking at the evolution of U.S. defense

The end of the Cold War came as a surprise, and changes came quickly thereafter



As the dust cleared from the end of the Cold War, on one side there were immediate changes in the world—mostly in the old East Bloc. But there was also a strong set of domestic changes in the United States, not even arising from the end of the Cold War, nor unrecognized before it, but growing over time. The end of the Cold War

simply meant the nation could concentrate more on them. There were also strong continuities in the world. In reality, the Cold War had been winding down for some time, and the advanced world had established a stable and good life for itself notwithstanding the Soviet menace. The period of intense competition in the Third World in the aftermath of decolonization had also tapered down. The overpopulation, despoliation of the environment, poverty, etc., characterizing those regions had long been in "progress."

On the other side, the immediate end of the Cold War made the perception of the possibilities of shrinking the defense budget even more acute, even though it had been shrinking ever since the realization that the Reagan deficit was bankrupting the country and the consequent passage of revised budget procedures (Gramm-Rudman) in 1985. In 1990, Chairman Powell and Secretary Cheney took the almost immediate step of shrinking the forces by 25 percent (the Base Force). Two-thirds of the personnel in Europe were brought home. Procurement programs immediately began to shrink, and it was no longer so imperative to pursue such equipment as the A-12 or more B-2s.

The basic point is that the end of the Cold War immediately meant that the evolution of world affairs and the evolution of U.S. forces proceeded on separate paths. The evolution of the forces was apparently detached from the international scene. The question became how they might reconverge.

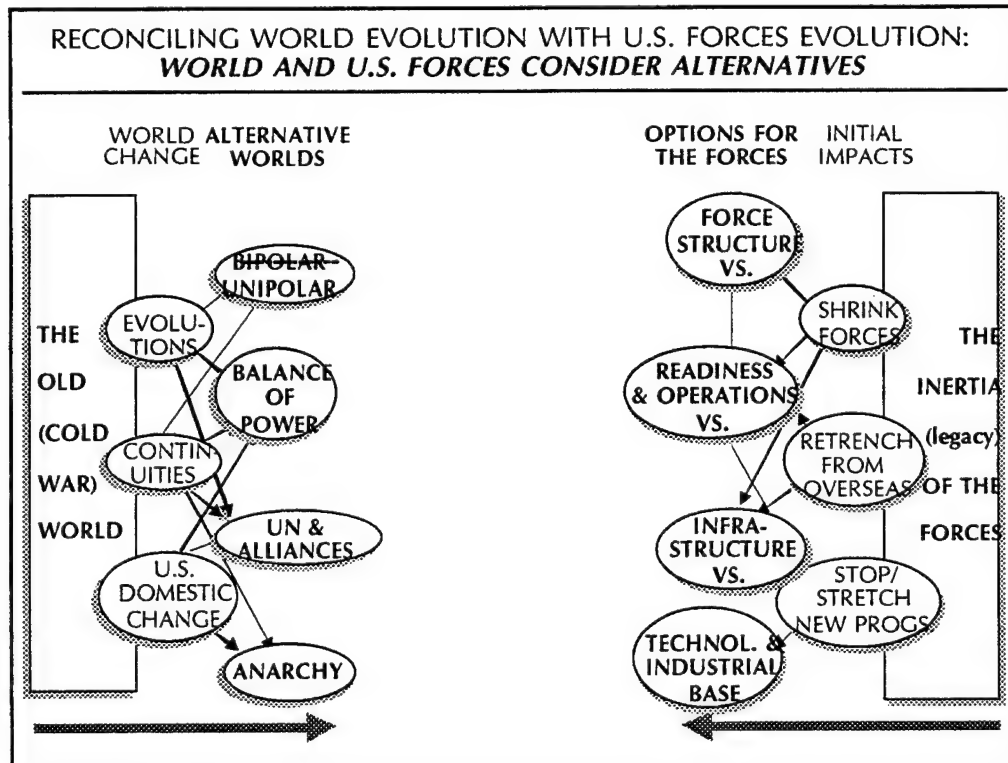
The world and U.S. forces considered their choices

In the next stage in the evolution of the strategic situation in the world, on one hand, and in the evolution of U.S. forces, on the other:

- We saw out in the world a casting about for a new characterization. It was unclear how power and international relations would sort out. We thought first that there would be "the new world order." This was initially envisaged as mostly a kind of condominium world managed between the United States and a reforming, non-aggressive Soviet Union. But the USSR disappeared, and we perceived instead a kind of anarchy – "the new

world disorder." The world situation was better than that, however, but it could not be characterized as multipolar or as a balance of power world—except in economics. The economic world became detached from the security side.

- On the U.S. defense side, we saw the next evolution as that of trying to balance out the forces within a much lower and declining defense budget. There has been a tension between maintaining readiness, deciding which procurement programs to sustain ("recapitalization"), and managing a gentle downslope in personnel reductions. However, we also found that a stubbornly incompressible infrastructure in the United States distorted this process.

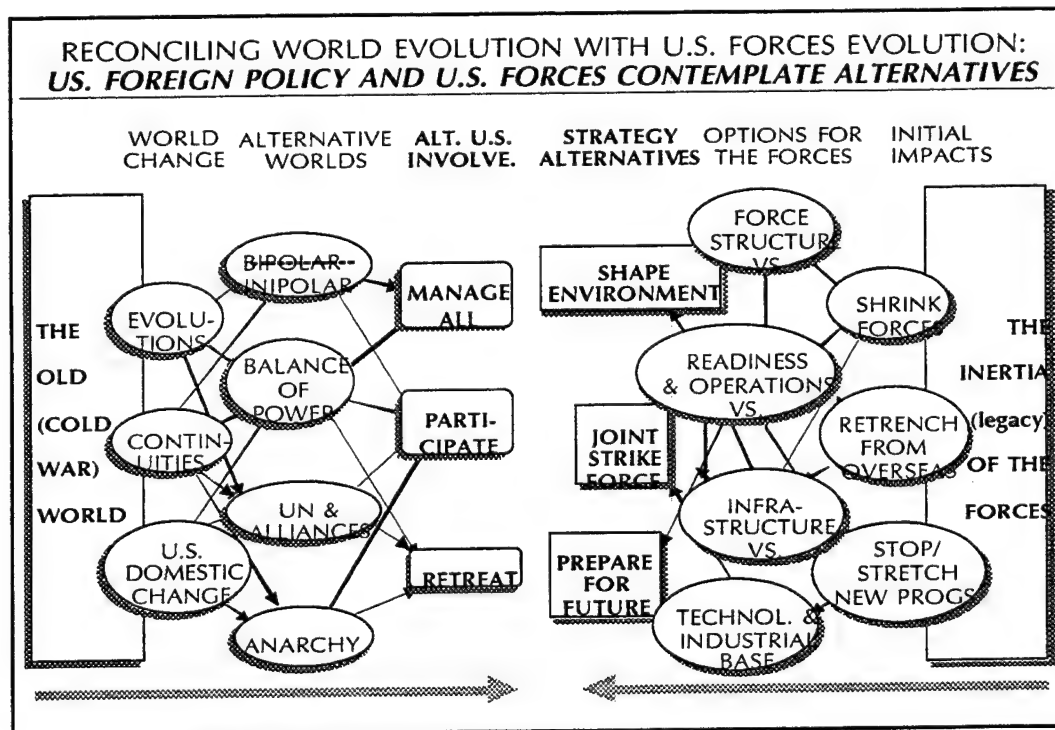


In the meantime, however, there was much confusion as to how these declining forces were supposed to relate to the changing world structure and the U.S. role in its management.

U.S. foreign policy and U.S. forces contemplate alternatives

In the next stage, there was still a division between the evolution of the military structure, on one hand, and the U.S. puzzling out its role in the world on the other.

- The U.S. foreign policy debate has ranged over the questions of whether we should try to manage the whole world—especially in light of our domestic problems and the Federal budget deficit (which makes the Federal budget less of an instrument for these purposes), vs. the much more difficult and delicate task of participating without dictating (“Why can’t we just tell them what to do? Why do we have to negotiate?”). Of course, we could have simply retreated—taking an approach to all international problems like that of “leaving Bosnia to the Europeans, as a European problem” writ large. But one factor soon emerged: the the United States was the only country which exercises and is wanted by others to exercise leadership on a global basis, if only to initiate the dialogue.

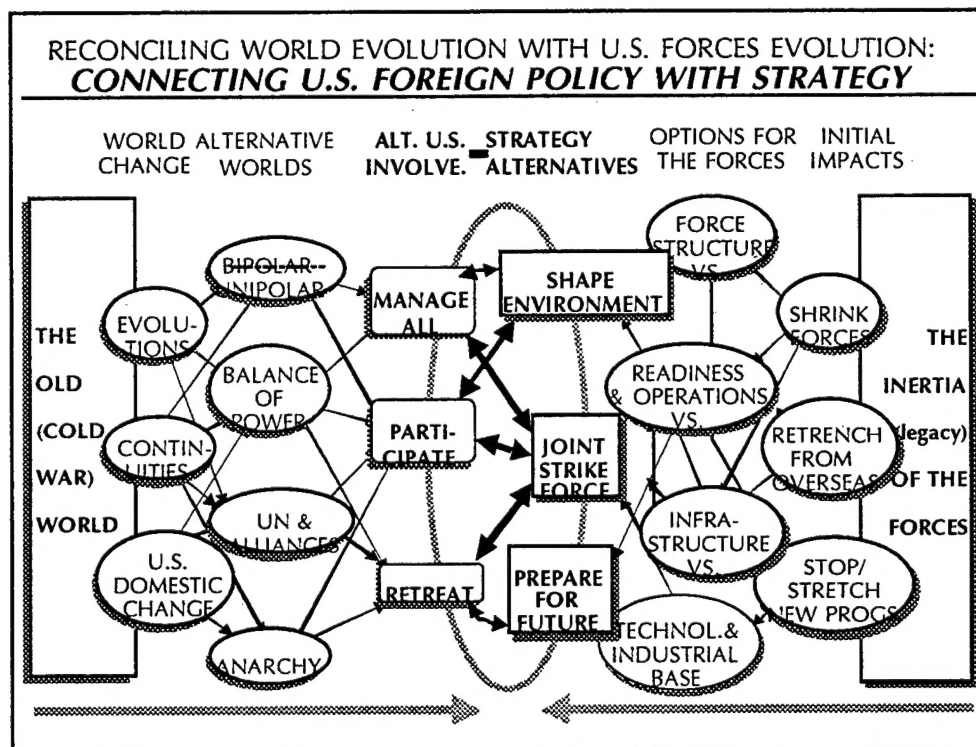


- On the force side, the combination of world events, budget restrictions, the shrinking of the forces, and involvement in nagging “operations other than war” led to a competition among three general strategies—“shaping the world environment,” concentrating on the joint striking force against the few rogues in the world (the “Two Major Regional Conflicts” strategy, which came to be concentrated on Iraq and North Korea).

The problem has been to reconcile these emerging and competitive force strategies with evolving foreign policy – where the key may be “adaptability” rather than a focused military strategy like “containment.” The two sides continued to grope toward one another.

Connecting U.S. foreign policy with strategy

If the Administration in Washington could plan calmly and rationally, the evolution of foreign policy on one hand and of military strategy on the other might have been reconciled in the mid-1990s as shown below:



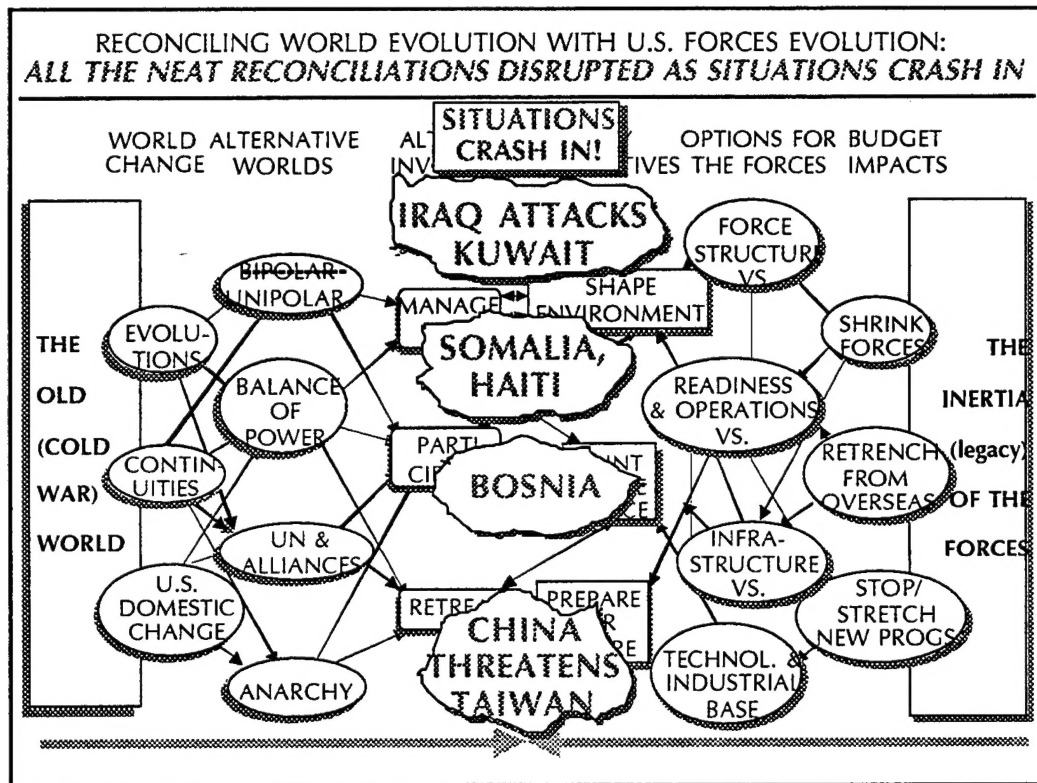
First, if the U.S. government were to take an extremely active role in solving the world's problems—"managing all"—the related military strategy would be that of the military "shaping the environment" through maintaining alliances, interacting professionally with other militaries (like those of Russia and China) and intervening frequently in small situations of violence.

However, if the U.S. government did not want to manage everything, but were to participate in a more collegial way—like through the UN, or trying to form consensus among leading nations—it might either want a somewhat more restrictive role for the U.S. military, e.g., reserving the military for the striking in major regional conflicts.

Finally, if the U.S. government were to take a more hands-off role in the world, certainly in the military sense, this could be consistent with a strategy of preparing the military establishment for the future—cutting back on operations in order to bolster investments and the introduction of new technologies in the forces.

But situations crash into neat reconciliations between foreign policy and military strategy

But of course, the world is not so manageable, neat, and rational. We have found instead that events tend to crash into the Washington policy-making process. These events tend to divert Presidential and Secretarial attention, tie down at least some of the forces, cause shifts of funds from investment accounts in order to restore operational accounts, and generally contribute to confusion both in foreign policy and military planning for the long term. This is represented in the next and final chart, on the following page.



In July, 1998, one might add to "situations crash in" the nuclear weapons testing of India and Pakistan, which might also be seen as severely jarring the steady path of convergence between foreign policy and military strategy. It remains to be seen whether these events lead either to a nuclear arms race between India and Pakistan (which either country can ill-afford) or cause other ripples throughout the world order, such as it is.

Summary of this addendum

Too sum up this appendix, in the nearly nine years since the Cold War ended in late 1989, we have seen a tortuous convergence of the world system, with all its agonizing twists and turns on one hand, with the evolution of U.S. military forces on the other. The convergence is not yet complete, for the legacies and habits of the Cold War are difficult for institutions to change.

The strawman approach to U.S. security has been that U.S. goals and objectives are set (presumably by an incoming Administration), threats to those goals and objectives are discerned, a strategy for coping with them is formulated, this generates requirements for the forces, and the forces are built accordingly, with budget to suit. This approach is belied by the reality, which is that we do not have the luxury of zero-basing policy-making. Much of life and strife during the Cold War lay outside the actual confrontations between the United States and the Soviet Union—and it continues. The U.S. military has a strong legacy and institutions that can only slowly be adapted.

Thus, the model shown in the previous pages is not the linear strawman laid out in the previous paragraph, but one of convergence over time from two different evolutionary directions—the evolution of the world system, such as it is, and the evolution of military establishments. The evolution is not yet complete, and it may never be.